

**N.B.: This document is based on the text of the regulation that is currently in effect and printed in the California Code of Regulations (“CCR”) as of June 24, 2004. Changes to the CCR text are shown in strikeout/underline style. When a current section is moved to another location, it is shown in strikeout in its old location (for example, section 12206) and in underline in its new location (for example, section 12200.3). Several moved sections have, in addition, been amended.**

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## **Title 4, California Code of Regulations, Division 18**

### **Chapter 2.1. Third-Party Providers of Proposition Player Services: ~~Interim~~ Registration; Licensing**

#### **Article 1. Definitions and General Provisions**

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### **Chapter 2.2 Gambling Businesses: Registration; Licensing**

#### **Article 1. Definitions and General Provisions**

**Article 2. Registration**

**Article 3. Licensing**

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**Chapter 2.1. Third-Party Providers of Proposition Player  
Services: Interim Registration; Licensing**

**Article 1. Definitions and General Provisions**

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- 2 Section 12210 Transfers and Sales [To be repealed]
- 3 Section 12211 Inspections [To be repealed]
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15 **Article 1. Definitions and General Provisions**

16

17 .....  
**Section 12200 Definitions**

(a) Except as otherwise provided in subsection (b), the definitions in Business and Professions Code section 19805 shall govern the construction of this chapter.

(b) As used in this chapter:

(1) “Applicant” means the applicant for registration or licensing under this chapter, including in the case of an owner that is a corporation, partnership, or any other business entity, all persons whose registrations or licenses are required to be endorsed upon the primary owner’s registration or license certificate.

(2) “Authorized player” means an individual associated with a particular primary owner whose badge authorizes play in a controlled game on behalf of the primary owner, including the primary owner, all other owners, all supervisors, and all players. “Authorized player” does not include funding sources. Only authorized players may perform the functions of a supervisor or player.

~~(2)~~(3) “Badge” means a form of identification issued by the Commission identifying a registrant or licensee. A badge authorizing play in a controlled game shall be of a distinctly different color than a badge that identifies a registrant or licensee, but does not authorize play.

~~(3)~~(4) “Bureau” means the Bureau of Criminal Identification and Information of the California Department of Justice.

~~(4)~~ (5) “Commission” means the California Gambling Control Commission.

1       ~~(5)~~ (6) “Deadly weapon” means any weapon, the possession or concealed  
2               carrying of which is prohibited by Penal Code section 12020.

3       ~~(6)~~ (7) “Division” means the Division of Gambling Control in the California  
4               Department of Justice. Information that this chapter requires to be  
5               sent to the Division shall be submitted in writing to the Sacramento  
6               office of the Division.

7       ~~(7)~~ (8) “Executive Director” means the Executive Director of the  
8               Commission or such other person as may be designated by the  
9               Commission.

10  
11       ~~(8)~~ (9) “Funding source” means any person that provides financing,  
12               including but not limited to loans, advances, any other form of credit,  
13               chips, or any other representation or thing of value, to an owner\_  
14               registrant or owner-licensee, other than individual registrants under  
15               Subsection (d) of Section 12201 or licensees. “Funding source” does  
16               not include any federally or state chartered lending institution or any  
17               of the following entities that in the aggregate owns at least one  
18               hundred million dollars (\$100,000,000) of securities of issuers that are  
19               not affiliated with the entity:

20  
21               (A)   Any federally-regulated or state-regulated bank or savings  
22               association or other federally- or state-regulated lending  
23               institution.

24  
25               (B)   Any company that is organized as an insurance company, the

1 primary and predominant business activity of which is the  
2 writing of insurance or the reinsuring of risks underwritten by  
3 insurance companies, and that is subject to supervision by the  
4 Insurance Commissioner of California, or a similar official or  
5 agency of another state.

6  
7 (C) Any investment company registered under the federal  
8 Investment Company Act of 1940 (15 U.S.C. sec. 80a-1 et  
9 seq.).

10  
11 (D) Any retirement plan established and maintained by the United  
12 States, an agency or instrumentality thereof, or by a state, its  
13 political subdivisions, or any agency or instrumentality of a  
14 state or its political subdivisions, for the benefit of its  
15 employees.

16  
17 (E) Any employee benefit plan within the meaning of Title I of the  
18 federal Employee Retirement Income Security Act of 1974 (29  
19 U.S.C. sec. 1001 et seq.).

20  
21 (F) Any securities dealer registered pursuant to the federal  
22 Securities Exchange Act of 1934 (15 U.S.C. sec. 78a et seq.).

23  
24 (G) Any entity, all of the equity owners of which individually meet  
25 the criteria of this paragraph ~~(8)~~ (9).

1        ~~(9)~~ (10) “Gambling Control Act” or “Act” means Chapter 5 (commencing  
2                with Section 19800) of Division 8 of the Business and Professions  
3                Code.

4  
5        (11)                “License” means a license issued by the Commission pursuant  
6                to article 3 of this chapter.

7                (A)    There are four license categories entitling the holder to  
8                provide third-party proposition player services:

9                        1.    primary owner,

10                      2.    owner, if issued a playing badge,

11                      3.    supervisor, and

12                      4.    player.

13                (B)    All other employees of the primary owner who are  
14                present in the gambling establishment during the  
15                provision of proposition player services under the  
16                primary owner’s proposition player contract shall be  
17                licensed as “other employee” and shall be required to  
18                submit an application and be approved or denied based  
19                upon the same criteria that apply to a player.

20  
21        (12)                “Licensee” means a person having a valid license.

22  
23        (13)    "Organization chart" means a chart that identifies the names and  
24                titles of all owners, as defined in section 12200(b)(14), supervisors,  
25                and any persons having significant influence over the operation of the  
26                entity or provision of proposition player services; the percentage of



1 ownership, if any, held by each identified individual or entity; and the  
2 reporting relationship for each identified individual or entity.

3 ~~(10)~~ (14) “Owner” includes all of the following:

4 (A) A sole proprietor, corporation, partnership, or other  
5 business entity that provides or proposes to provide third  
6 party proposition player services as an independent  
7 contractor in a gambling establishment,

8 (B) Any individual specified in ~~subdivision (d) of Section~~  
9 ~~42204~~ Business and Professions Code section 19852,  
10 subdivisions (a) through (h), and

11 (C) Any funding source.

12 ~~(14)~~ (15) “Playing Book” means a record documenting each session of  
13 play by a third-party proposition player.

14  
15 (16) “Preference” means and is limited to both of the following if  
16 sanctioned by house rule or otherwise directed by the house or its  
17 employees:

18 (A) Any priority in the continuous and systematic rotation of the  
19 deal, as required by Penal Code section 330.11, such that a  
20 registrant becomes entitled by reason of the priority to  
21 occupy the player-dealer position more often than other

1                   players. Nothing in this paragraph precludes the house from  
2                   assigning a particular seat to a registrant.

3                   (B) Any advantage to the registrant over other players in the  
4                   placement of wagers.

5           ~~(42)~~ (17)    “Primary Owner” means the owner specified in subparagraph  
6                   (A) of paragraph ~~(40)~~ (14) of this subsection.

7           ~~(43)~~ (18)    “Proposition player” or “player” means an individual other than  
8                   an owner or a supervisor who provides third-party proposition player  
9                   services in a controlled game.

10          ~~(44)~~ (19)    “Proposition player contract” or “contract” means a written  
11                   contract, the terms of which have been reviewed and approved by the  
12                   Division, between the holder of a state gambling license and a primary  
13                   owner acting as an independent contractor for the provision of third-  
14                   party proposition player services in the gambling establishment.

15          (20)   “Rebate” means a partial return by an authorized proposition player of  
16                   chips or money to a patron who has lost the chips or money to the  
17                   authorized player through play in a controlled game at a gambling  
18                   establishment.

19          ~~(45)~~ (21)    "Registrant" means a person having a valid registration.

20          ~~(46)~~ (22)    “Registration” means a registration issued by the Commission  
21                   pursuant to this chapter. There are ~~three~~ four registration categories  
22                   entitling the holder to provide third-party proposition player services:

1        primary owner, owner, supervisor, and player. All other employees of  
2        the primary owner who are present in the gambling establishment  
3        during the provision of proposition player services under the primary  
4        owner's proposition player contract shall be registered as "other  
5        employee." ~~The holder of an owner's registration~~ A primary owner  
6        issued a playing badge and an owner issued a playing badge may also  
7        perform the functions of a supervisor or player, and the holder of a  
8        supervisor's registration or license may also perform the functions of  
9        a player. No registrant, other than an owner issued a playing badge,  
10       supervisor, or player, may possess, direct, or otherwise control  
11       currency, chips, or other wagering instruments used for play in the  
12       performance of a proposition player contract. An individual  
13       registered or licensed as an "other employee" may not function as a  
14       player unless and until that individual applies for and obtains a  
15       registration or a license as player.

16       (17) (23)       "Session of play" as used in Section 12200.13 ("Playing  
17       Book") means a continuous workshift of third-party proposition  
18       player services provided by an individual proposition player.

19       (18) (24)       "Supervisor" means an individual who, in addition to any  
20       supervisory responsibilities, has authority, on behalf of the primary  
21       owner, to ~~direct or provide~~ provide or direct the distribution of  
22       currency, chips, or other wagering instruments to players engaged in  
23       the provision of third-party proposition player services in a gambling  
24       establishment.

1       (25) “Supplemental information package” means all of the documentation  
2       and deposits required by each of the following forms (which are  
3       hereby incorporated by reference) to be submitted to the Commission  
4       in response to a summons issued by the Division pursuant to Section  
5       12200.25:

6  
7       (A) Primary owners as defined in Section 12200(b)(17), shall  
8       complete the form Level IV Supplemental Information-  
9       Providers of Proposition Players and Funding Sources (DGC-  
10       APP. 035, New 06/04) for a level IV investigation.

11  
12       (B) Owners, as defined in Section 12200(b)(14), that are a natural  
13       person shall complete the form Level III Supplemental  
14       Information-Individual (DGC-APP 034A, New 06/04) for a  
15       level III investigation.

16  
17       (C) Owners, as defined in Section 12200(b)(14), that are not a  
18       natural person shall complete the form Level III Supplemental  
19       Information-Business (DGC-APP. 034B, New 06/04) for a  
20       level III investigation.

21  
22       (D) Supervisors, as defined in Section 12200(b)(24), shall complete  
23       the form Level II Supplemental Information (DGC-APP. 033,  
24       New 06/04) for a level II investigation.

1            (E) Other employees and players, as defined in Section  
2            12200(b)(11)(B) and 12200(b)(18), shall complete the form  
3            Level I Supplemental Information (DGC-APP. 032, New  
4            06/04) for a level I investigation.

5        ~~(19)~~ (26)    "Third-party proposition player services" or "proposition player  
6            services" means services provided in and to the house under any  
7            written, oral, or implied agreement with the house, which services  
8            include play as a participant in any controlled game that has a rotating  
9            player-dealer position as permitted by Penal Code section 330.11.  
10          "Proposition player services" also includes the services of any  
11          supervisors, as specified in paragraph ~~(18)~~ (24) of this subsection.

12        (27) "TPP" means "third party proposition." This abbreviation is used in  
13        Section 12200.3 and in prescribing titles used on registrant and  
14        licensee badges, for example, "TPP Player Registrant."

15    **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

16    **Reference:** Sections 19805 and 19984, Business and Professions Code

## 18    **Section 12200.1            Certificate**

19    (a) The Commission shall issue a registration or license certificate, as  
20    applicable, to each primary owner.

21    (b) The Commission shall endorse upon each certificate the names of all other  
22    owners affiliated with the primary owner.

1 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

2 **Reference:** Section 19984, Business and Professions Code

3  
4 **Section 12200.3**        **Badge**

5 (a) All individuals registered or licensed as primary owners, owners,  
6 supervisors, players, or other employees of the primary owner shall wear in  
7 a prominently visible location a numbered badge issued by the Commission  
8 when present in a gambling establishment during the provision of  
9 proposition player services under the proposition player contract that covers  
10 the registrant or licensee. If an individual ceases to be employed by or  
11 affiliated with a particular primary owner, that individual shall surrender his  
12 or her badge to the primary owner. The primary owner shall notify the  
13 Commission and the Division in writing within 10 days of the change in  
14 status using the Change in Status Form for a Third Party Proposition Player  
15 Services Registration (CGCC-441, New 6/04), which is hereby incorporated  
16 by reference. Any primary owner receiving a badge from an individual  
17 formerly employed by or affiliated with the primary owner shall return the  
18 badge to the Commission within 10 days of receiving the badge from the  
19 holder.

20 (b) The words “TPP PLAYER REGISTRANT,” “NON-PLAYER TPP  
21 REGISTRANT,” “TPP PLAYER LICENSEE,” OR “NON-PLAYER TPP  
22 PLAYER LICENSEE” in capital letters shall be prominently displayed on  
23 the front of the badge. The first name of the registrant or licensee shall

1 appear on the front of the badge. The full name of the registrant or licensee  
2 shall be printed on the reverse side of the badge, together with the  
3 registrant's or licensee's category of registration or licensing as an owner,  
4 supervisor, player, or other employee.

5 (c) On the badge, there shall be displayed the picture of the registrant or  
6 licensee submitted with the application, the badge number, and expiration  
7 date. On the badge there shall be displayed the name of the primary owner  
8 employing the registrant or licensee, which shall be the fictitious business  
9 name, if any, established pursuant to Chapter 5 (commencing with Section  
10 17900) of Part 3 of Division 7 of the Business and Professions Code.

11 (d) Upon renewal of each registration and upon issuance of each registration or  
12 license, authorized players shall be issued a badge of one color; individuals  
13 not authorized to play shall be issued a badge of a distinctly different color.

14 (e) An individual registered as a player with a particular primary owner shall  
15 apply for and obtain a new badge before beginning to work for an additional  
16 primary owner.

17 (f) Registrations, licenses, and badges are specific to the primary owner. TPP  
18 player services cannot be provided without first applying for and obtaining a  
19 registration, license, or badge.

20 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

21 **Reference:** Section 19984, Business and Professions Code

1 **Section 12200.5 Replacement of Badge**

2  
3 (a) Upon application, the Executive Director or other person designated by the  
4 Commission shall issue a replacement badge if all of the following  
5 conditions are met:

6 (1) The applicant has a current valid registration or license.

7 (2) The application is complete and has been submitted on the form  
8 Request for Replacement Third Party Proposition Player Services  
9 Badge (CGCC-438, New 06/04), which is hereby incorporated by  
10 reference.

11 (3) The applicant has supplied all of the following to the  
12 Commission:

13 (A) A two by two inch color passport-style photograph taken  
14 no more than 30 days before submission to the  
15 Commission of the badge replacement or transfer request.

16 (B) A nonrefundable \$25.00 fee payable to the Commission.

17 (C) The category of the position and information concerning the  
18 primary owner for which the replacement badge is requested:  
19 the name of the primary owner, mailing address, voice  
20 telephone number, facsimile number (if any), and email address  
21 (if any).

22 (D) A statement under penalty of perjury that a replacement badge  
23 is needed due to loss or destruction of the originally issued  
24 badge.

25 (b) A replacement badge issued pursuant to this section shall be valid during the  
26 unexpired term of the previously issued registration or license.



1 (c) Upon issuance of the replacement badge, the previously  
2 issued badge for that third-party proposition services provider shall become  
3 void and shall not be used.

4 (d) Replacement badges shall be issued by the Commission within seven days of  
5 receipt of a complete application.

6 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

7 **Reference:** Section 19984, Business and Professions Code

8  
9 **Section 12200.6 Transfer of Player Registration or License**

10  
11 (a) Upon application, the Executive Director or other person designated by the  
12 Commission shall issue a player transfer badge if all of the following  
13 conditions are met:

14 (1) The applicant has a currently valid registration or license.

15 (2) The application is complete and has been submitted on the form  
16 Request for Transfer of Third Party Proposition Player Services  
17 Registration/License (CGCC-439, New 06/04), which is hereby  
18 incorporated by reference.

19 (3) The applicant has supplied all of the following to the  
20 Commission:

21 (A) A two by two inch color passport-style photograph taken  
22 no more than 30 days before submission to the  
23 Commission of the badge transfer request.

24 (B) A nonrefundable \$250.00 fee payable to the Commission.

1           (C) The names of the current and future primary owner, mailing  
2           address, voice telephone number, facsimile number (if any),  
3           and email address (if any).

4  
5   (b) A transfer badge issued pursuant to this section shall be valid during the  
6   unexpired term of the previously issued registration or license.

7   (c) Upon issuance of the transfer badge, the previously  
8   issued badge for that third-party proposition services provider shall become  
9   void and shall not be used.

10   (d) Transfer badges shall be issued by the Commission within seven days of  
11   receipt of a complete application.

12   **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

13   **Reference:** Section 19984, Business and Professions Code

14  
15   **Section 12200.7           Proposition Player Contract Criteria**

16   (a) All proposition player contracts shall be subject to, and superseded by, any  
17   changes in the requirements of regulations adopted under Business and  
18   Professions Code section 19984 that conflict with or supplement provisions  
19   of the proposition player contract.

20   (b) Each proposition player contract shall specifically require all of the  
21   following to be separately set forth at the beginning of the contract in the  
22   following order:

- 1        (1) The names of the parties to the contract.
- 2        (2) The effective dates of the contract.
- 3        (3) The specific name of the Division-approved gaming activities for  
4        which proposition player services will be provided.
- 5        (4) The maximum and minimum number of gaming tables available to the  
6        proposition player provider service.
- 7        (5) That no more than one owner, supervisor, or player from each  
8        provider of proposition player service shall simultaneously play at a  
9        table.
- 10       (6) The hours of operation that proposition player services will be  
11       provided.
- 12       (7) A detailed description of the location, applicable security measures,  
13       and purpose of any currency, chips, or other wagering instruments that  
14       will be stored, maintained, or kept within the gambling establishment  
15       by or on behalf of the primary owner.
- 16       (8) That proposition player services shall be provided in the gambling  
17       establishment only in compliance with laws and regulations pertaining  
18       to controlled gambling.
- 19       (9) That proposition player services may be provided only by authorized  
20       players with current registration or licensing under this chapter.

1       (10) That the primary owner shall provide the gambling establishment with  
2       a copy of its registration or license certificate, and that the gambling  
3       establishment shall maintain the certificate on file, together with a  
4       copy of the proposition player contract applying to that establishment.

5       (11) That a registrant or licensee may not provide proposition player  
6       services in a gambling establishment for which the registrant holds a  
7       state gambling license, key employee license, or work permit.

8       (12) That collection fees charged by the house for participation in any  
9       controlled game shall be the same as those charged to other  
10      participants during the play of the game.

11      (13) The initial number that will be used for the sequentially numbered  
12      forms.

13      (14) Any agreement between the primary owner and the house for owners  
14      or supervisors to inspect or receive a copy of surveillance recordings  
15      of tables at which proposition player services are provided under the  
16      contract during the times the services are provided, as necessary for  
17      business purposes.

18      (15) A full disclosure of any financial arrangements entered into during the  
19      term of the contract for any purpose between the house and any  
20      registrant or licensee covered by the proposition player contract. If  
21      there is no financial consideration that passes under the contract, a  
22      statement to that effect shall be included.

1       (16) That any legal dispute between the primary owner and the house,  
2       including any exclusion of a registered owner, player, or supervisor  
3       covered by the contract from the house shall be reported in writing  
4       within 10 days by the primary owner and the house to both the  
5       Commission and the Division.

6       (17) That the primary owner and the house shall report in writing within 10  
7       days to both the Commission and the Division the identity of any  
8       registrant whose activities are covered by the proposition player  
9       contract and who is arrested in the gambling establishment by a peace  
10      officer, who is removed from the gambling establishment by a peace  
11      officer or the house, or who is involved in a patron dispute regarding  
12      his or her activities in the gambling establishment that is the subject of  
13      a report to a peace officer and that results in removal of one or more  
14      individuals.

15      (18) That any cheating reported to the house by a registrant or licensee  
16      shall be reported in writing within 5 days by the primary owner and  
17      the house to the Commission and Division.

18      (19) That the criteria for granting any rebates by proposition players to  
19      patrons be spelled out in the contract; and that neither the house nor  
20      any employee of the house shall have any role in rebates.

21      (20) That any tipping arrangements shall be specified in the contract; that  
22      percentage tips shall not be given; and that tips shall not be given to  
23      the house.

1       (21) That the primary owner may reimburse the house in specified amounts  
2       for equipment such as surveillance cameras and monitors, or cards,  
3       shuffling machines, and dice. Neither the primary owner nor its  
4       employees shall purchase, lease, or control such equipment.

5       (c)(1) Except as expressly authorized by this subsection (c), a proposition player  
6       contract shall not include any provision authorizing payment to or receipt by  
7       the house, or a designee thereof, of any share of the profits or revenues of a  
8       registrant or a licensee. Any payments made by a registrant or licensee to  
9       the house for a purpose determined by agreement with the house shall be  
10      specifically authorized by the proposition player contract. All payments  
11      shall be specified in the contract. The contract shall identify the total charge  
12      for each of the following categories: services, facilities, and advertising. In  
13      addition, the contract shall include a detailed list, excluding specific costs, of  
14      the items provided or received in each of these categories.

15      (2) In no event may a proposition player contract provide for any  
16      payment based on a percentage or fraction of the registrant's or  
17      licensee's gross profits or wagers made or the number of players. All  
18      payments shall be fixed and shall only be made for services and  
19      facilities requested by, and provided to, the registrant or licensee, and  
20      for a reasonable share of the cost of advertising with respect to  
21      gaming at the gambling establishment in which the registered owner  
22      participates.

23      (3) No contract provision shall authorize any payments for services or  
24      facilities that are substantially disproportionate to the value of the  
25      services or facilities provided. No contract shall include any charge,

1 direct or indirect, for the value of an exclusive right to conduct  
2 proposition play within all or a portion of the gambling establishment.  
3 No payment other than the collection fee for play, shall be required  
4 for play at any table, including, without limitation, reservation of a  
5 seat.

6 (d) The proposition player contract shall not contain any provision that limits  
7 contact with officials or employees of the Commission or Division. The  
8 proposition player contract shall prohibit an owner or the house from  
9 retaliating against any registrant or licensee on account of contact with an  
10 official or employee of the Commission or Division or any other public  
11 official or agency.

12 (e) A proposition player contract shall be consistent with the provisions of  
13 Business and Professions Code section 19984, subdivision (a), prohibiting a  
14 gambling establishment or the house from having any interest, whether  
15 direct or indirect, in funds wagered, lost, or won. No proposition player  
16 contract shall be approved that would permit the house to bank any game in  
17 the gambling establishment.

18 (f) Each proposition player contract approved by the Division shall contain a  
19 provision authorizing the Commission, after receiving the findings and  
20 recommendation of the Division, to terminate the contract for any material  
21 violation of any term required by this section.

22 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code.

23 **Reference:** Section 19984, Business and Professions Code

1

2 **Section 12200.9**      **Review and Approval of Proposition Player**  
3 **Contracts**

4 (a) (1) On and after April 30, 2004, proposition player services shall not be  
5 provided except pursuant to a written proposition player contract  
6 approved in advance by the Division. Provision of proposition player  
7 services by any person subject to registration or licensing under this  
8 chapter, or engagement of proposition player services by the holder of  
9 a state gambling license, without a contract as required by this section  
10 is a violation of this section. The Division shall approve a proposition  
11 player contract only if all the following requirements have been  
12 satisfied:

13 (A) The contract is consistent with this regulation and the Act.

14 (B) The contract does not provide for controlled gambling that will  
15 be conducted in a manner that is inimical to the public health,  
16 safety, or welfare.

17 (C) The contract will not create or enhance the dangers of  
18 unsuitable, unfair, or illegal practices, methods, or activities in  
19 the conduct of controlled gambling or in the carrying on of the  
20 business and related financial arrangements.

21 (D) The contract will not undermine public trust that the controlled  
22 gambling operations covered by the contract will be conducted



1 honestly, by reason of the existence or perception of any  
2 collusive arrangement between any party to the contract and the  
3 holder of a state gambling license, or otherwise.

4 (2) Prior to December 7, 2003, each primary owner providing proposition  
5 player services at a gambling establishment on the date that these  
6 regulations originally became effective (November 6, 2003) shall  
7 submit an Application for Contract Approval Provider of Proposition  
8 Player Services (DGC-APP.030, rev. 09/03), which is hereby  
9 incorporated by reference.

10 (3) A complete application for contract approval shall include all of the  
11 following:

12 (A) A completed Application for Contract Approval to Provide  
13 Proposition Player Services (DGC-APP.030, rev. 06/04), which  
14 is hereby incorporated by reference.

15 (B) A completed Appointment of Designated Agent for Owners and  
16 Proposition Players (DGC-APP.031, rev. 06/04), which is  
17 hereby incorporated by reference.

18 (C) An executed copy of the contract that specifically addresses all  
19 of the requirements of Section 12200.7.

20 (D) A playing book form that specifically addresses all of the  
21 requirements of section 12200.13.

22 (E) A five hundred dollar (\$500) nonrefundable application fee.

23 (F) A \$1200 deposit as required by Title 11, California Code of  
24 Regulations, section 2037(a)(2)(A). The Division may require  
25 an additional sum to be deposited to pay the final costs of the

1 review and approval or disapproval of the contract. Any money  
2 received as a deposit in excess of the costs incurred in the  
3 review and approval or disapproval of the contract will be  
4 refunded and an itemized accounting will be provided to the  
5 primary owner, or primary owner's designee.

6 (4) The Division shall notify the applicant, in writing, within ten working  
7 days of receiving the application that the application or resubmitted  
8 application is complete or incomplete. If an application is incomplete,  
9 the Division shall request, in writing, any information, fees, or  
10 documentation needed to complete the application. Unless extended  
11 by the Division for further investigation up to 90 days or with the  
12 consent of the applicant, review and approval or disapproval of a  
13 proposition player contract shall be completed within 90 days of  
14 receiving a completed application and notice thereof shall be sent via  
15 United States mail to the applicant or the applicant's designee within  
16 10 days of the Division's decision. Notice of disapproval of the  
17 contract or amendments shall specify the cause.

18 (b) (1) In lieu of the procedure specified in subsection (a), the Division shall  
19 provide an expedited review process of an application for contract  
20 approval if all of the following conditions exist:

21  
22 (A) Proposition player services were provided in the gambling  
23 establishment at any time during the 30 days preceding the  
24 application pursuant to a contract that was previously approved  
25 by the Division and that has been terminated.

1  
2 (B) The proposed contract is between the house and a different  
3 primary owner than the previous contract under which  
4 proposition player services were provided in the gambling  
5 establishment.

6  
7 (C) The terms of the proposed contract are substantially identical to  
8 the contract previously approved by the Division under which  
9 proposition player services were provided in the gambling  
10 establishment at any time during the 30 days preceding the  
11 application.

12  
13 (2) If an application for contract approval is submitted as an expedited  
14 contract request and the Division determines that it does not meet the  
15 criteria, the primary owner or designee and the house shall be notified  
16 within one business day of the Division's decision. Any contract that  
17 is not processed through the expedited review and approval process  
18 shall be treated as a new contract request and reviewed and approved  
19 or disapproved as otherwise provided by subsection (a).

20  
21 (3) The Division shall complete the expedited review and approval of a  
22 contract within three business days of receiving all of the following:  
23

24 (A) A completed Application for Contract Approval to Provide  
25 Proposition Player Services (DGC-APP.030, rev. 06/04), which  
26 is hereby incorporated by reference.

1  
2 (B) A completed Appointment of Designated Agent for Owners and  
3 Proposition Players (DGC-APP.031, rev. 06/04), which is  
4 hereby incorporated by reference.

5  
6 (C) An executed copy of the contract that specifically addresses all  
7 the requirements of Section 12200.7.

8  
9 (D) A playing book form that specifically addresses all the  
10 requirements of Section 12200.13.

11  
12 (E) A five hundred dollar (\$500) nonrefundable application fee.

13 (F) An expedited processing fee of \$550.

14 (c) (1) As soon as is practicable after determining that any application for  
15 approval of a proposition player contract or amendment is complete  
16 and that the contract or amendment appears to qualify for approval,  
17 but in no event less than 75 days from receipt of a complete  
18 application package, the Division shall submit the contract or  
19 amendment to the Commission for review and comment. The  
20 Commission shall provide the Division with comments, if any, within  
21 15 days of receipt of the contract or amendment. This paragraph does  
22 not apply to expedited approval under subsection (b).

1       (2) A copy of the Division's notice of approval or disapproval of a  
2               proposition player contract or amendment thereto shall be sent to the  
3               Commission.

4   (d) An executed copy of the currently effective contract, and all amendment(s)  
5       thereto, and a copy of all Division notices that approved the contract and any  
6       amendment shall be maintained at the gambling establishment and shall be  
7       provided for review or copying upon request by any representative of the  
8       Commission or Division.

9   (e) The term of any proposition player contract shall not exceed one year. No  
10       amendment changing any of the contract terms referred to in Section  
11       12200.7, other than paragraphs (3), (4), and (6) of subsection (b) thereof,  
12       may become effective during the term of a proposition player contract  
13       without the prior written approval of the Division. If any amendment is  
14       made to a proposition player contract term specified in paragraphs (3), (4),  
15       or (6) of subsection (b) of Section 12200.7, both parties to the contract shall  
16       notify the Commission and Division in writing of the amendment within 10  
17       days of the execution thereof by the parties to the contract.

18  
19   (f) Requests to review and approve an amendment to a proposition player  
20       contract shall be submitted with an application for approval along with an  
21       executed copy of the contract, a five hundred dollar (\$500) nonrefundable  
22       application fee, and a four hundred and fifty dollar (\$450) deposit as  
23       required by Title 11, California Code of Regulations, section 2037(a)(2)(B).  
24       The Division may require an additional sum to be deposited to pay the final

1 costs of the review and approval or disapproval of the amendment. Any  
2 money received as a deposit in excess of the costs incurred in the review and  
3 approval or disapproval of the amendment shall be refunded and an itemized  
4 accounting shall be provided to the primary owner or the primary owner's  
5 designee.

6  
7 (g) All proposition player contracts shall be subject to, and superseded by, any  
8 changes in the requirements of regulations adopted under Business and  
9 Professions Code section 19984 that conflict with or supplement provisions  
10 of the proposition player contract.

11 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

12 **Reference:** Section 19984, Business and Professions Code

13 **Section 12200.11 Extension of Proposition Player Contracts**

14 (a) An application for approval of a contract to continue proposition player  
15 services shall include all of the following:

16 (1) A completed Application for Contract Approval to Provide  
17 Proposition Player Services (DGC-APP.030, rev. 06/04), which is  
18 hereby incorporated by reference.

19 (2) A \$500 application fee.

20 (3) An executed contract.

1       (4) A deposit in such amount as, in the judgment of the Director of the  
2       Division, will be sufficient to pay the anticipated processing costs.  
3       The Division may require an additional sum to be deposited to pay the  
4       final costs of the review and approval or disapproval of the contract.  
5       Any money received as a deposit in excess of the costs incurred in the  
6       review and approval or disapproval of the contract will be refunded  
7       and an itemized accounting will be provided to the primary owner, or  
8       primary owner's designee.

9       (b) The application shall be submitted to the Division no later than 90 days prior  
10       to the date that the current contract is scheduled to expire.

11       (c) As soon as is practicable after determining that any application for approval  
12       of a proposition player contract extension is complete and that the contract  
13       extension appears to qualify for approval, but in no event less than 75 days  
14       from receipt of the application, the Division shall submit the contract  
15       extension to the Commission for review and comment. The Commission  
16       shall provide the Division with comments, if any, within 15 days of receipt  
17       of the contract extension.

### 18

### 19   **Section 12200.13      Playing Book**

20       (a) The primary owner shall be responsible for assuring that its players maintain  
21       accurate, complete, and up-to-date playing books for all sessions of play  
22       worked in conformity with regulations of the Commission. The information  
23       in the playing-book record shall be transferred to the primary owner, or a  
24       supervisor designated by the primary owner at the end of each session of

1 play. The primary owner shall maintain this information in English at a  
2 single location in the State of California, and shall maintain the original  
3 playing book records in the State of California, for at least five years. The  
4 location or locations where the records of this information and the original  
5 playing book records are maintained, and any change therein, shall be  
6 disclosed to the Commission and Division by written notice mailed or  
7 delivered within five business days after establishing or changing such a  
8 location.

9 (b) Playing books shall be prepared and maintained as follows:

10 (1) Playing book forms shall be reviewed and approved or disapproved  
11 during the review of the contract by the Division.

12 (2) Each form in the playing book shall be recorded in ink and include,  
13 but not be limited to, the following information:

14 (A) Sequential numbers. Any unused form shall be voided and  
15 maintained in the playing book.

16 (B) Specify the name of the gambling establishment where play  
17 occurred.

18 (C) The date when play occurred.

19 (D) Beginning and ending balances.

20 (E) All fills and credits affecting the balance shall be individually  
21 identified.



1           (F) The printed full name and badge number of the proposition  
2           player, which includes owners, supervisors, and/or players.

3           (G) The table number.

4           (H) The specific name of the Division-approved gaming activity.

5           (I) The name of the primary owner.

6           (3) The form for each session of play shall be dated and signed under  
7           penalty of perjury by the person who prepared it and shall include a  
8           declaration in the following form: “I declare under penalty of perjury  
9           under the laws of the State of California that the foregoing is true and  
10          correct.”

11    **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

12    **Reference:** Section 19984, Business and Professions Code

13  
14    **Section 12200.14.     Organization Chart and Employee Report**

15  
16    (a) No later than September 1, 2004, each registered primary owner shall submit  
17    a current organization chart and a listing of all employees to the Division  
18    and the Commission. The listing of employees shall be submitted on the  
19    form Third Party Proposition Player Services Employee Report (CGCC-440,  
20    New 06/04), which is hereby incorporated by reference.

(b) Upon renewal of the registration or license and six months thereafter, each registered or licensed primary owner shall submit an updated organization chart and a listing of all employees to the Division and the Commission.

**Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

**Reference:** Section 19984, Business and Professions Code

### **Section 12200.15 Transfers and Sales**

(a) No individual who is an owner shall in any manner transfer any interest in the proposition player services operation to any person, firm, or corporation until the proposed transferee or transferees have made application for and obtained registration or licensing as an owner from the Commission.

Applications for a transfer of the interest shall be made by the transferee applying for registration or licensing under this regulation. Evidence of the transferor's agreement to transfer the interest shall accompany the application for registration or licensing.

(b) The proposed articles of incorporation and sales and transfer agreement shall be submitted to the Commission for approval prior to submission of any application.

(c) The effective date of the sale shall be at least 90 days after receipt of the application, or such other shorter time period as shall be set by the Executive Director with the agreement of the applicant.

(d) The primary owner shall notify the Division and the Commission in writing within ten days of any change to the organization chart.

1 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

2 **Reference:** Section 19984, Business and Professions Code

3 **Section 12200.16. Inspections and Investigations**

4 (a) When requested by a representative of the Division, a registrant or licensee  
5 shall immediately permit the Division representative, in accordance with the  
6 request, to inspect, copy, or audit all requested documents, papers, books,  
7 and other records of the registrant or licensee related to the provision of  
8 proposition player services. If the records are maintained in electronic form  
9 and the registrant or licensee is requested to do so, the registrant or licensee  
10 shall provide a printed copy in English pursuant to this section within 24  
11 hours of the request.

12 (b) If requested in writing by the Executive Director, the Division shall conduct  
13 an inspection or investigation of a registrant or a licensee. Within 30 days  
14 of receipt of the request, the Division shall advise the Executive Director in  
15 writing of the status of the inspection or investigation and shall also provide  
16 an estimated date on which the inspection or investigation may reasonably  
17 be expected to be concluded. Upon completion of the inspection or  
18 investigation, the Division shall provide a final written report to the  
19 Executive Director.

20 (c) Nothing in this chapter precludes Commission staff from carrying out their  
21 duties under applicable statutes and regulations.

22 (d) All records required by this chapter shall be maintained in English, in  
23 California, for at least five years.

1 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

2 **Reference:** Section 19984, Business and Professions Code

3 **Section 12200.17      Emergency Orders**

4 Registrants and licensees under this chapter shall be subject to emergency orders  
5 under Business and Professions Code section 19931.

6 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

7 **Reference:** Sections 19984 and 19931, Business and Professions Code

8 **Section 12200.18      Revocation**

9 The Commission may revoke a registration or license, upon any of the following  
10 grounds, after a hearing conducted pursuant to the same procedures applicable to  
11 the revocation of a gambling establishment license:

12 (a)    The registrant or licensee committed, attempted to commit, or conspired to  
13 commit any acts prohibited by the Gambling Control Act or this chapter.

14 (b)    Any act or omission by the registrant that would disqualify the registrant  
15 from obtaining registration under this chapter. Any act or omission by the  
16 licensee that would disqualify the licensee from obtaining licensing under  
17 this chapter.

18 (c)    The registrant or licensee engaged in any dishonest, fraudulent, or unfairly  
19 deceptive activities in connection with controlled gambling, including any  
20 violation of laws related to cheating.

- 1 (d) The registrant or licensee failed or refused to comply with the requirements  
2 of Section 12200.16 (Inspections and Investigations).
- 3 (e) The registrant or licensee failed or refused to comply with the requirements  
4 of Section 12200.14 (Organization Chart and Employee Report).
- 5 (f) The registrant or licensee concealed or refused to disclose any material fact  
6 in any inquiry by the Division or the Commission.
- 7 (g) The registrant or licensee committed, attempted, or conspired to commit any  
8 embezzlement or larceny against a gambling licensee or proposition player  
9 registrant or upon the premises of a gambling establishment.
- 10 (h) The registrant or licensee has been lawfully excluded from being present  
11 upon the premises of any licensed gambling establishment for any reason  
12 relating to cheating or any violation of the Gambling Control Act by the  
13 registrant.
- 14 (i) The registrant or licensee buys or sells chips outside the cage, except for  
15 exchanging with a patron chips of one denomination for chips of another  
16 denomination.
- 17 (j) The registrant or licensee lends money or chips to gambling establishment  
18 patrons, except for exchanging with a patron chips of one denomination for  
19 chips of another denomination.
- 20 (k) The primary owner or any other owner knowingly permitted one or more of  
21 the owner's supervisors or players to commit any act described in  
22 subsections (a) to (j), inclusive.

(l) The primary owner or any other owner knew, or failed to implement reasonable oversight procedures that would have apprised the owner, that one or more of the registrants or licensees was in violation of one or more provisions of this chapter or of the Gambling Control Act and failed or refused to take action to prevent the recurrence of the violation or violations.

**Authority:** Sections 19840, 19941, and 19984, Business and Professions Code

**Reference:** Section 19984, Business and Professions Code

## **Section 12200.20      Annual Fee**

(a) No later than September 1 of each year, beginning September 1, 2004, each registered or licensed primary owner shall submit to the Commission the annual fee set forth in subsection (c) of this section, based on the total number of registrations or licenses affiliated with that primary owner on the immediately preceding August 15. The payment due September 1, 2004 shall be based on the total number of registrations affiliated with the primary owner on August 15, 2004.

(b) Within 30 days of approval of any request to convert a registration to a license, the Commission shall notify the licensee of any additional fees owed for the term of the license granted, allowing pro rata credit on a monthly basis for any annual fee paid in connection with a registration that has not expired.

(c) The annual fee shall be computed based on the following schedule reflecting the total number of registrants or licensees affiliated with a particular primary owner on the date of assessment:

<u>Category</u>	<u>Number of Registrants or Licensees</u>	<u>Fee Per Registrant or Licensee</u>
A	1—5	\$2800
B	6--35	\$3050
C	36--175	\$3300
D	176—400	\$3550
E	401--900	\$3800
F	901--1200	\$4050
G	1201 or more	\$4300

(d) (1) Upon advance written approval by the Executive Director, installment payments submitted prior to conversion to licensure shall be permitted as follows: one-third of the annual fee to be submitted no later than September 1, one-third no later than December 1, and the balance no later than March 1.

(2) Upon advance written approval by the Executive Director, installment payments submitted after conversion to licensure shall be permitted as

1 follows: one-third of the annual fee to be submitted prior to issuance  
2 of the license, one-third to be submitted three months thereafter, and  
3 one-third to be submitted six months thereafter.

4 (e) Refunds shall not be available in the event of a subsequent decrease in the  
5 number of registrants or licensees upon which the annual fee payment was  
6 based.

7 (f) Following assessment of the annual fee, if the primary owner increases the  
8 number of its registrants or licensees above the number upon which the  
9 annual fee assessment was based, the primary owner shall submit to the  
10 Commission the additional per player fee set forth in subsection (c) of this  
11 section. No new badges will be issued until the additional per player fees  
12 has been received by the Commission.

13 (g) No renewal application shall be accepted by the Commission until any  
14 delinquent annual fees have been paid in full.

15 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

16 **Reference:** Section 19984, Business and Professions Code

## 17 **Section 12200.21 Compliance**

18 (a) Registrants and licensees shall comply with game rules approved by the  
19 Division, including but not limited to, the rules regarding player-dealer  
20 rotation and table wagering. No registrant or licensee shall be accorded any  
21 preference by the house over other players; provided, that a proposition  
22 player contract may, at any table assigned for play by the contracted  
23 registrant or licensee, preclude players of any other registrant or licensee  
24 under this chapter or chapter 2.2 of this title from playing at that table during



1       the periods of play assigned by the proposition player contract for the  
2       contracted registrant or licensee.

3   **(b)**   Only an authorized player may possess, direct, or otherwise control  
4       currency, chips, or other wagering instruments used for play in the  
5       performance of a proposition player contract.

6   **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

7   **Reference:** Section 19984, Business and Professions Code

## 9   **Article 2.       Registration**

### 10   **Section 12200.25                      Transition to Licensing**

11       (a)   The Division shall summon persons registered as primary owners,  
12       owners, supervisors, players, and other employees for the purpose of  
13       applying for licenses under this chapter. The Division shall summon  
14       primary owners, owners, supervisors, players, and other employees as  
15       expeditiously as possible in light of available program resources. The  
16       registration of any registrant that fails or refuses to submit a Request for  
17       Conversion of a Third Party Proposition Player Services Registration to a  
18       License (CGCC-437, new 06/04)(see section 12218(c)) including any fees to  
19       the Commission within 30 days of receiving a summons from the Division  
20       shall expire by operation of law on the following day. Prior to and during  
21       review of a request to convert a registration to a license, a registration shall  
22       remain valid and may be renewed by the registrant as necessary, upon

1 application and approval of renewal of registration as provided in Section  
2 12203.

3 (b) If the registration expires by operation of law, the former registrant shall  
4 submit a new request to convert a registration to a license and a new  
5 nonrefundable application fee.

6 (c) The transition from registration to licensing for applications approved prior  
7 to April 30, 2004, shall be completed no later than July 1, 2007.

8 (d) A request to convert a registration to a license shall require only payment of  
9 a sum of money that, in the judgment of the Director of the Division, will be  
10 adequate to pay the anticipated investigation and processing costs, in  
11 accordance with Business and Professions Code sections 19867 and  
12 19984(c).

13 (e) If a license is issued, it will expire as provided in Section 12218.13 (Term of  
14 License).

15 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

16 **Reference:** Section 19984, Business and Professions Code

17  
18  
19 **Section 12201. Registration**

20 (a) On and after March 31, 2004, no person may provide proposition player  
21 services or obtain a badge as required by Section ~~12206~~ 12200.3 without a  
22 current valid registration issued by the Commission.

23 (b) ~~Except as provided in subsection (c), registration~~ Registration shall be issued  
24 for a period of one year.

1 (c) ~~For owners, supervisors, and players, requirements for registration under this~~  
2 ~~regulation will be superseded by licensure requirements upon the effective~~  
3 ~~date of implementing regulations of the Commission to be adopted in the~~  
4 ~~future.~~ Registration under this chapter Article or its predecessor shall not  
5 create any vested right to licensing under ~~those implementing regulations~~  
6 Article 3 of this Chapter or any successor provision.

7 (d) If a primary owner is a corporation, partnership, or other business entity,  
8 each owner, ~~supervisor,~~ and individual having a relationship to that entity  
9 specified in Business and Professions Code section 19852, subdivisions (a)  
10 to (h), inclusive, shall individually apply for and obtain registration as an  
11 owner listed on the business entity's registration certificate. No business  
12 entity or sole proprietor shall be registered under this chapter that is also  
13 licensed under the Gambling Control Act to operate a gambling  
14 establishment.

15 (e) If the application is for registration as a supervisor or player, the primary  
16 owner that will employ the applicant shall be currently registered under this  
17 chapter.

18 (f) A registration certificate shall be issued to each primary owner and shall  
19 include an expiration date. All owners other than the primary owner, ~~all~~  
20 ~~supervisors, and all persons required to be registered pursuant to subsection~~  
21 ~~(d) of this section shall not receive a separate registration certificate, but the~~  
22 ~~registration of every such person~~ shall be endorsed on the registration  
23 certificate that is issued to the primary owner.

24 (g) Registration is non-transferable.

1   **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

2   **Reference:** Sections 19984 and 19951(a), Business and Professions Code

3   **Section 12202. Application for Registration**

4   (a)   The application for registration shall designate whether the registration is  
5       requested as a primary owner, other owner, supervisor, player, or other  
6       employee. The application shall be signed by both the individual applicant  
7       and the designated agent, or, if the applicant is a business entity, by the chief  
8       executive officer or other designated officer of the business entity.

9   (b)   An application for registration shall include all of the following:

10       (1)   Payment of a nonrefundable application fee in the amount of five  
11       hundred dollars (\$500).

12       (2)   A completed Application for Third Party Proposition Player Services  
13       Registration (~~CGCC-035, rev. 02/04~~) (CGCC-435, Rev. 06/04), which  
14       is hereby incorporated by reference.

15       (3)   A properly completed Request for Live Scan Service (California  
16       Department of Justice Form BCII 8016, rev. 4/01) for an applicant  
17       that is an individual, confirming that the applicant's fingerprints have  
18       been submitted to the Bureau for an automated background check and  
19       response.

20       (4)   Two (2) two-by-two inch color passport-style photographs of an  
21       applicant that is an individual taken no more than one year before  
22       submission of the application to the Commission.

(c) An applicant that is an individual shall complete and submit ~~such supplemental information as may be required by the Commission~~ form Third Party Proposition Player Services Registration Supplemental Information ~~(CGCC-036, rev. 02/04)~~ (CGCC-436, Rev. 06/04), which is hereby incorporated by reference, ~~or by the Division as necessary for completion of its review as provided in this chapter.~~

(d) An applicant for registration or for any approval required by this chapter shall make full and true disclosure of all information to the Commission ~~and Division~~ as required for the application and as requested by the Commission ~~or Division~~ to carry out the policies of this state relating to controlled gambling.

**Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

**Reference:** Sections 19984 and 19951(a), Business and Professions Code

### **Section 12203. Processing of Applications for Initial and Renewal** **Registration**

(a) The Executive Director shall notify the applicant in writing within ~~45~~ 20 days of receiving the application, that the application or resubmitted application is complete and accepted for filing, or that the application or resubmitted application is deficient. If an application for registration is incomplete, the Executive Director shall request in writing any information needed in order to complete the application. The applicant shall be permitted at least 60 but no more than 90 days in which to furnish the

1 information. If the applicant fails to respond to the request, the application  
2 shall be deemed abandoned and no further action will be taken on it.

3 (b) Upon determination that an application for registration is complete, the  
4 application shall be processed within 60 days and the Executive Director  
5 shall either issue the registration and badge applied for or shall notify the  
6 applicant of denial and the grounds therefor under Section 12204. However,  
7 this time may be extended by the Executive Director for no more than 30  
8 additional days if necessary to obtain information required to determine  
9 eligibility. The Executive Director shall promptly notify the applicant in  
10 writing of any such delay, including the length of the extension.

11 (c) If the applicant submits a request for withdrawal of his or her application to  
12 the Commission, the application shall be deemed abandoned and no further  
13 action will be taken on it.

14 (d) The Commission shall provide written notice of abandonment of an  
15 application to the applicant ~~and the Division~~. If the application is for  
16 registration as a supervisor, player, or other employee, the Commission shall  
17 also provide written notice of abandonment of the application to the primary  
18 owner.

19 (e) Nothing in this chapter shall require the Commission or Division to divulge  
20 to the applicant any confidential information received from any law  
21 enforcement agency or any information received from any person with  
22 assurances that the information would be maintained as confidential. ~~and~~  
23 ~~nothing~~ Nothing in this chapter shall require the Commission or Division to

1       divulge any information that might reveal the identity of any source of  
2       information or jeopardize the safety of any person.

3   (f)   Renewal applications for owners shall be received no later than 120 days  
4       prior to the expiration of the current registration, together with all required  
5       fees. If an application is received after this 120-day deadline, an expedited  
6       processing fee of \$60 shall be submitted with the application. If an  
7       expedited processing fee is due but has not been received, a registration  
8       renewal shall not be issued.

9   (g)   Renewal applications for supervisors, players, and other employees shall be  
10       received no later than 90 days prior to the expiration of the current  
11       registration, together with the required \$500 application fee. If an  
12       application is received after this 90-day deadline, an expedited processing  
13       fee of \$60 shall be submitted with the application. If an expedited  
14       processing fee is due but has not been received, a registration renewal shall  
15       not be issued.

16   **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

17   **Reference:** Section 19984, Business and Professions Code.

## 19   **Section 12204. Ineligibility for Registration**

20   An applicant shall be ineligible for registration for any of the following causes:

21   (a)   Except for an individual seeking registration as “other employee,” an  
22       individual applicant is under the age of 21.

1 (b) The applicant has been convicted of any felony, including a conviction in a  
2 court of the United States or any other state of an offense that is classified as  
3 a felony by the laws of this state.

4 ~~(b)~~(c) The applicant has, within the ten year period immediately preceding the  
5 submission of the application, been convicted of a misdemeanor involving a  
6 firearm or other deadly weapon, gaming or gaming-related activities  
7 prohibited by Chapter 9 (commencing with Section 319) or Chapter 10  
8 (commencing with section 330) of Title 9 of Part 1 of the Penal Code,  
9 violations of the Gambling Control Act, or dishonesty or moral turpitude,  
10 not including convictions which have been expunged or dismissed as  
11 provided by law.

12 ~~(e)~~(d) If the application is for registration as an owner, supervisor, or player, the  
13 applicant has been subject to a final administrative or judicial adjudication  
14 revoking a registration under this chapter or a state gambling license, key  
15 employee license, work permit or finding of suitability or has had an  
16 application denied under this chapter or the Gambling Control Act.

17 ~~(d)~~(e) The applicant would be ineligible for a state gambling license under any of  
18 the criteria set forth in Business and Professions Code section 19859,  
19 subdivisions (b), (e), or (f), ~~or (g)~~, the terms of which are incorporated by  
20 reference and hereby expressly made applicable to applications for  
21 registration under this chapter.

22 ~~(e)~~(f) The applicant would be ineligible for a state gambling license under  
23 Business and Professions Code section 19858, the terms of which are



incorporated by reference and hereby expressly made applicable to applications for registration under this chapter.

(g) The applicant has violated one or more of the prohibitions set forth in Subsection 12200.7(b)(5), (11), or (20) or Subsection 12200.7(c)(1) and (3).

(h) The applicant has failed to comply with one or more of the requirements set forth in Subsection 12200.7(b)(8), (9), (15), (16), (17), (18), (21), or in Subsections 12200.7(c)(2) or (e).

(i) The applicant is ineligible based on any other provision of law.

**Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

**Reference:** Section 19984, Business and Professions Code

## **12205. Cancellation of Registration**

(a) Any registration issued in accordance with this chapter shall be subject to cancellation pursuant to this section. A registration shall be cancelled if the Commission determines upon a noticed hearing that the registrant is ineligible for registration, has failed in the application for registration to reveal any fact material to the holder's qualification for registration, or has supplied information in the registration application that is untrue or misleading as to a material fact pertaining to the criteria for issuance of registration.

(b) If the Commission finds that any of the circumstances set forth in subsection (a) apply, then the Executive Director shall immediately do all of the following:

1           (1)    Provide written notice to the registrant and the Division of the  
2                   cancellation of the registration and the grounds thereof, and provide  
3                   written notice of the cancellation to the owner, if the registrant is a  
4                   supervisor, player, or other employee and to any gambling  
5                   establishment in which the registrant provides proposition player  
6                   services.

7           (2)    Notify the registrant that he or she is required to surrender the  
8                   registrant's badge to the Commission not more than ten days  
9                   following the date that the notice of the cancellation was mailed or  
10                  such greater time as is authorized by the Executive Director.

11   **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code.

12   **Reference:** Section 19984, Business and Professions Code

### 13   **Section 12206. Badge**

14   ~~All individuals registered as owners, supervisors, players, and all other employees~~  
15   ~~of the owner shall wear in a prominently visible location a numbered badge issued~~  
16   ~~by the Commission when present in a gambling establishment during the provision~~  
17   ~~of proposition player services under the proposition player contract that covers the~~  
18   ~~registrant. The words "TPP PLAYER REGISTRANT" in capital letters shall be~~  
19   ~~prominently displayed on the badge above the registrant's category of registration~~  
20   ~~as an owner, supervisor, player or other employee. Below that portion of the badge~~  
21   ~~there shall be displayed the picture of the registrant submitted with the application~~  
22   ~~and the badge number, registrant's first name, and expiration date. The registrant's~~  
23   ~~full name shall be printed on the reverse side of the badge.~~

1    **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

2    **Reference:** Section 19984, Business and Professions Code

3    **Section 12207. Proposition Player Contract Criteria**

4    ~~(a) All proposition player contracts shall be subject to, and superseded by, any~~  
5       ~~changes in the requirements of regulations adopted under Business and~~  
6       ~~Professions Code section 19984 that conflict with or supplement provisions~~  
7       ~~of the proposition player contract.~~

8    ~~(b) Each proposition player contract shall specifically require all of the~~  
9       ~~following to be separately set forth at the beginning of the contract:~~

10       ~~(1) The names of the parties to the contract.~~

11       ~~(2) The effective dates of the contract.~~

12       ~~(3) The specific name of the Division approved gaming activities for~~  
13       ~~which proposition player services will be provided.~~

14       ~~(4) The maximum and minimum number of gaming tables available to the~~  
15       ~~proposition player provider service.~~

16       ~~(5) That no more than one owner, supervisor, or player from each~~  
17       ~~provider of proposition player service shall simultaneously play at a~~  
18       ~~table.~~

19       ~~(6) The hours of operation that proposition player services will be~~  
20       ~~provided.~~

21  
22       ~~(7) A detailed description of the location, applicable security measures,~~  
23       ~~and purpose of any currency, chips, or other wagering instruments that~~  
24       ~~will be stored, maintained, or kept within the gambling establishment~~  
25       ~~by or on behalf of the primary owner.~~

26       ~~(8) That proposition player services shall be provided in the gambling~~  
27       ~~establishment only in compliance with laws and regulations pertaining~~  
28       ~~to controlled gambling.~~

- 1       ~~(9) That proposition player services may be provided only by owners,~~  
2       ~~supervisors, and players with current registration under this chapter.~~
- 3       ~~(10) That a registrant may not provide proposition player services in a~~  
4       ~~gambling establishment for which the registrant holds a state~~  
5       ~~gambling license, key employee license, or work permit.~~
- 6       ~~(11) That collection fees charged by the house for participation in~~  
7       ~~any controlled game shall be the same as those charged to other~~  
8       ~~participants during the play of the game.~~
- 9       ~~(12) The form to be used for the playing book record and the initial~~  
10       ~~number that will be used for the sequentially numbered forms.~~
- 11       ~~(13) Any agreement between the primary owner and the house for~~  
12       ~~owners or supervisors to inspect or receive a copy of~~  
13       ~~surveillance recordings of tables at which proposition player~~  
14       ~~services are provided under the contract during the times the~~  
15       ~~services are provided, as necessary for business purposes.~~
- 16       ~~(14) A full disclosure of any financial arrangements entered into~~  
17       ~~during the term of the contract for any purpose between the~~  
18       ~~house and any registrant covered by the proposition player~~  
19       ~~contract. If there is no financial consideration that passes under~~  
20       ~~the contract, a statement to that effect shall be included.~~
- 21       ~~(15) That any legal dispute between the owner and the house,~~  
22       ~~including any exclusion of a registered owner, player, or~~  
23       ~~supervisor covered by the contract from the house shall be~~  
24       ~~within 10 days reported by the primary owner and the house to~~  
25       ~~the Commission and Division.~~
- 26       ~~(16) That the primary owner and the house shall within 10 days~~  
27       ~~report to the Commission and Division the identity of any~~  
28       ~~registrant whose activities are covered by the proposition player~~  
29       ~~contract and who is arrested in the gambling establishment by a~~  
30       ~~peace officer, who is removed from the gambling establishment~~  
31       ~~by a peace officer or the house, or who is involved in a patron~~  
32       ~~dispute regarding his or her activities in the gambling~~

1 establishment that is the subject of a report to a peace officer  
2 and that results in removal of one or more individuals.

3 (17) ~~That any cheating reported to the house by a registrant shall be~~  
4 ~~reported within 5 days by the primary owner and the house to~~  
5 ~~the Commission and Division.~~

6 (c) ~~Except as expressly authorized by this subsection, a proposition player~~  
7 ~~contract shall not include any provision authorizing payment to or receipt by~~  
8 ~~the house, or a designee thereof, of any share of the profits or revenues of a~~  
9 ~~registrant. Any payments made by a registrant to the house for a purpose~~  
10 ~~determined by agreement with the house shall be specifically authorized by~~  
11 ~~the proposition player contract. All payments shall be specified in the~~  
12 ~~contract. In no event may a proposition player contract provide for any~~  
13 ~~payment based on a percentage or fraction of the registrant's gross profits or~~  
14 ~~wagers made or the number of players. All payments shall be fixed and~~  
15 ~~shall only be made for services and facilities requested by, and provided to,~~  
16 ~~the registrant, and for a reasonable share of the cost of advertising with~~  
17 ~~respect to gaming at the gambling establishment in which the registered~~  
18 ~~owner participates. No contract provision shall authorize any payments for~~  
19 ~~services or facilities that are substantially disproportionate to the value of the~~  
20 ~~services or facilities provided. No payment other than the collection of fees~~  
21 ~~for play, shall be required for play at any table, including, without limitation,~~  
22 ~~reservation of a seat.~~

23 (d) ~~The proposition player contract shall not contain any provision that limits~~  
24 ~~contact with officials or employees of the Commission or Division. The~~  
25 ~~proposition player contract shall prohibit an owner or the house from~~  
26 ~~retaliating against any registrant on account of contact with an official or~~  
27 ~~employee of the Commission or Division or any other public official or~~  
28 ~~agency.~~

29 (e) ~~A proposition player contract shall be consistent with the provisions of~~  
30 ~~Business and Professions Code section 19984, subdivision (a), prohibiting a~~  
31 ~~gambling establishment or the house from having any interest, whether~~  
32 ~~direct or indirect, in funds wagered, lost, or won. No proposition player~~  
33 ~~contract shall be approved that would permit the house to bank any game in~~  
34 ~~the gambling establishment.~~

(f) ~~Each proposition player contract approved by the Division shall contain a provision authorizing the Commission, after receiving the findings and recommendation of the Division, to terminate the contract for any material violation of any term required by this section.~~

**Authority:** Sections 19840, 19841, and 19984, Business and Professions Code.

**Reference:** Section 19984, Business and Professions Code

## **Section 12208.           Review and Approval of Proposition Player Contracts**

(a) ~~(1) On and after April 30, 2004, proposition player services shall not be provided except pursuant to a proposition player contract, in writing, approved in advance by the Division. Provision of proposition player services by any person subject to registration under this chapter, or engagement of proposition player services by the holder of a state gambling license, without a contract as required by this section is a violation of this section. The Division shall approve a proposition player contract if the contract is consistent with this regulation and the Act; the contract does not provide for controlled gambling that will be conducted in a manner that is inimical to the public health, safety, or welfare; the contract will not create or enhance the dangers of unsuitable, unfair, or illegal practices, methods, or activities in the conduct of controlled gambling or in the carrying on of the business and financial arrangements incidental thereto; and will not undermine public trust that the controlled gambling operations covered by the contract will be conducted honestly, by reason of the existence or perception of any collusive arrangement between any party to the contract and the holder of a state gambling license, or otherwise.~~

~~(2) Prior to December 7, 2003, each primary owner that is providing proposition player services at a gambling establishment on the date that these regulations originally became effective (November 6, 2003) shall submit an Application for Contract Approval Provider of~~

1 Proposition Player Services (DGC APP.030, rev. 09/03), which is  
2 hereby incorporated by reference.

3 ~~(3) A complete application for contract approval shall include all of the~~  
4 ~~following:~~

5  
6 ~~(A) A completed Application for Contract Approval Provider of~~  
7 ~~Proposition Player Services (DGC APP.030, rev. 09/03).~~

8  
9 ~~(B) A completed Appointment of Designated Agent for Owners and~~  
10 ~~Proposition Players (DGC APP.031, rev. 09/03) which is~~  
11 ~~hereby incorporated by reference.~~

12  
13 ~~(C) An executed copy of the contract that specifically addresses all~~  
14 ~~of the requirements of Section 12207.~~

15  
16 ~~(D) A playing book form that specifically addresses all of the~~  
17 ~~requirements of section 12209.~~

18  
19 ~~(E) A five hundred dollar (\$500) nonrefundable application fee.~~

20  
21 ~~(F) A deposit in such amount as, in the judgment of the Director of~~  
22 ~~the Division, will be sufficient to pay the anticipated processing~~  
23 ~~costs. The Division may require an additional sum to be~~  
24 ~~deposited to pay the final costs of the review and approval or~~  
25 ~~disapproval of the contract. Any money received as a deposit in~~  
26 ~~excess of the costs incurred in the review and approval or~~  
27 ~~disapproval of the contract will be refunded and an itemized~~  
28 ~~accounting will be provided to the primary owner, or primary~~  
29 ~~owner's designee.~~

30 ~~(4) The Division shall notify the applicant, in writing, within ten working~~  
31 ~~days of receiving the application that the application or resubmitted~~  
32 ~~application is complete or incomplete. If an application is incomplete,~~  
33 ~~the Division shall request, in writing, any information, fees, or~~  
34 ~~documentation needed to complete the application. Unless extended~~  
35 ~~by the Division for further investigation up to 90 days or with the~~  
36 ~~consent of the applicant, review and approval or disapproval of a~~

1           ~~proposition player contract shall be completed within 90 days of~~  
2           ~~receiving a completed application and notice thereof shall be sent via~~  
3           ~~United States mail to the applicant or the applicant's designee within~~  
4           ~~10 days of the Division's decision. Notice of disapproval of the~~  
5           ~~contract or amendments shall specify the cause.~~

6           ~~(5) — The Division may make available to any applicant, upon request,~~  
7           ~~examples of previously approved contracts, as modified to delete any~~  
8           ~~identifying information of the parties, any reference to the specific~~  
9           ~~amount of monetary consideration, and any other terms or conditions~~  
10           ~~of the contract that the Division determines should remain~~  
11           ~~confidential. Nothing in this paragraph shall be construed to require~~  
12           ~~the Division to approve a contract in the form of any exemplar~~  
13           ~~contract made available pursuant to this paragraph.~~

14       ~~(b) — (1) — In lieu of the procedure specified in subsection (a), the Division shall~~  
15       ~~provide an expedited review process of an application for contract~~  
16       ~~approval if all of the following conditions exist:~~

17  
18           ~~(A) — Proposition player services were provided in the gambling~~  
19           ~~establishment at any time during the 30 days preceding the~~  
20           ~~application pursuant to a contract that was previously approved~~  
21           ~~by the Division and that has been terminated.~~

22  
23           ~~(B) — The proposed contract is between the house and a different~~  
24           ~~primary owner than the previous contract under which~~  
25           ~~proposition player services were provided in the gambling~~  
26           ~~establishment.~~

27  
28           ~~(C) — The terms of the proposed contract are substantially identical to~~  
29           ~~the contract previously approved by the Division under which~~  
30           ~~proposition player services were provided in the gambling~~  
31           ~~establishment at any time during the 30 days preceding the~~  
32           ~~application.~~

33  
34       ~~(2) — If an application for contract approval is submitted as an expedited~~  
35       ~~contract request and the Division determines that it does not meet the~~  
36       ~~criteria, the primary owner or designee and the house shall be notified~~  
37       ~~within one business day of the Division's decision. Any contract that~~



1 is not processed through the expedited review and approval process  
2 shall be treated as a new contract request and reviewed and approved  
3 or disapproved as otherwise provided by subsection (a).  
4

5 ~~(3) — The Division shall complete the expedited review and approval of a~~  
6 ~~contract within three business days of receiving all of the following:~~  
7

8 ~~(A) — A completed Application for Contract Approval Provider of~~  
9 ~~Proposition Player Services (DGC APP.030, rev. 09/03).~~  
10

11 ~~(B) — A completed Appointment of Designated Agent for Owners and~~  
12 ~~Proposition Players (DGC APP.031, rev. 09/03).~~  
13

14 ~~(C) — An executed copy of the contract that specifically addresses all~~  
15 ~~the requirements of Section 12207.~~  
16

17 ~~(D) — A playing book form that specifically addresses all the~~  
18 ~~requirements of Section 12209.~~  
19

20 ~~(E) — A five hundred dollar (\$500) nonrefundable application fee.~~

21 ~~(F) — A deposit in such amount as, in the judgment of the Director of~~  
22 ~~the Division, will be sufficient to pay the anticipated processing~~  
23 ~~costs. The Division may require an additional sum to be~~  
24 ~~deposited to pay the final costs of the review and approval or~~  
25 ~~disapproval of the contract. Any money received as a deposit in~~  
26 ~~excess of the costs incurred in the review and approval or~~  
27 ~~disapproval of the contract will be refunded and an itemized~~  
28 ~~accounting will be provided to the primary owner, or primary~~  
29 ~~owner's designee.~~

30 ~~(c) — (1) — Within 15 days of receiving any complete application for approval of~~  
31 ~~a proposition player contract or amendment, the Division shall submit~~  
32 ~~the contract or amendment to the Commission for review and~~  
33 ~~comment. The Commission shall provide the Division with~~  
34 ~~comments, if any, within 10 days of receipt of the contract or~~  
35 ~~amendment. This paragraph does not apply to expedited approval~~  
36 ~~under subsection (b).~~

1       ~~(2) — A copy of the Division’s notice of approval or disapproval of a~~  
2           ~~proposition player contract or amendment thereto shall be sent to the~~  
3           ~~Commission.~~

4       ~~(d) — An executed copy of the currently effective contract, and all amendment(s)~~  
5           ~~thereto, and a copy of all Division notices that approved the contract and any~~  
6           ~~amendment shall be maintained at the gambling establishment and shall be~~  
7           ~~provided for review or copying upon request by any representative of the~~  
8           ~~Commission or Division.~~

9       ~~(e) — The term of any proposition player contract shall not exceed one year and~~  
10           ~~shall not be extended or renewed without the prior approval of the Division.~~  
11           ~~No amendment changing any of the contract terms referred to in Section~~  
12           ~~12207, other than paragraphs (3) and (6) of subsection (b) thereof, may~~  
13           ~~become effective during the term of a proposition player contract without the~~  
14           ~~prior written approval of the Division. If any amendment is made to a~~  
15           ~~proposition player contract term specified in paragraph (3) or (6) of~~  
16           ~~subsection (b) of Section 12207, both parties to the contract shall notify the~~  
17           ~~Commission and Division in writing of the amendment within 10 days of the~~  
18           ~~execution thereof by the parties to the contract.~~

19       ~~(f) — Requests to review and approve an amendment to a proposition player~~  
20           ~~contract shall be submitted with an application for approval along with an~~  
21           ~~executed copy of the contract, a five hundred dollar (\$500) nonrefundable~~  
22           ~~application fee, and a deposit in such amount as, in the judgment of the~~  
23           ~~Director of the Division, will be sufficient to pay the anticipated processing~~  
24           ~~costs. The Division may require an additional sum to be deposited to pay~~  
25           ~~the final costs of the review and approval or disapproval of the amendment.~~  
26           ~~Any money received as a deposit in excess of the costs incurred in the~~  
27           ~~review and approval or disapproval of the amendment shall be refunded and~~  
28           ~~an itemized accounting shall be provided to the primary owner or the~~  
29           ~~primary owner’s designee.~~

30       ~~(g) — All proposition player contracts shall be subject to, and superseded by, any~~  
31           ~~changes in the requirements of regulations adopted under Business and~~  
32           ~~Professions Code section 19984 that conflict with or supplement provisions~~  
33           ~~of the proposition player contract.~~

34       **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

1   **Reference:** Section 19984, Business and Professions Code

2   **Section 12209.   Playing Books**

3   ~~(a) — The primary owner shall be responsible for assuring that their players~~  
4       ~~maintain accurate, complete, and up-to-date playing books for all sessions of~~  
5       ~~play worked in conformity with regulations of the Commission. The~~  
6       ~~information in the playing book record shall be transferred to the primary~~  
7       ~~owner, or a supervisor designated by the primary owner, on a daily basis.~~  
8       ~~Primary owners shall maintain this information at a single location in the~~  
9       ~~State of California, and shall maintain the original playing book records in~~  
10      ~~the State of California, for at least five years. The location or locations~~  
11      ~~where the records of this information and the original playing book records~~  
12      ~~are maintained, and any change therein, shall be disclosed to the~~  
13      ~~Commission and Division by written notice mailed or delivered within five~~  
14      ~~business days after establishing or changing such a location.~~

15   ~~(b) — Playing books shall be prepared and maintained as follows:~~

16       ~~(1) — Playing book forms shall be reviewed and approved or disapproved~~  
17       ~~during the review of the contract by the Division.~~

18       ~~(2) — Each form in the playing book shall be recorded in ink and include,~~  
19       ~~but not be limited to, the following information:~~

20           ~~(A) — Sequential numbers. Any unused form shall be voided and~~  
21           ~~maintained in the playing book.~~

22           ~~(B) — Specify the name of the gambling establishment where play~~  
23           ~~occurred.~~

24           ~~(C) — The date when play occurred.~~

25           ~~(D) — Beginning and ending balances.~~

26           ~~(E) — All fills and credits affecting the balance shall be individually~~  
27           ~~identified.~~

28           ~~(F) — The printed full name and badge number of the proposition~~  
29           ~~player, which includes owners, supervisors, and/or players.~~

1           ~~(G) —The table number.~~

2           ~~(H) —The specific name of the Division approved gaming activity.~~

3           ~~(I) —The name of the primary owner.~~

4           ~~(3) —The form for each session of play shall be dated and signed under~~  
5           ~~penalty of perjury by the person who prepared it and shall include a~~  
6           ~~declaration in the following form: “I declare under penalty of perjury~~  
7           ~~under the laws of the State of California that the foregoing is true and~~  
8           ~~correct.”~~

9    **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

10 **Reference:** Section 19984, Business and Professions Code

## 11 **Section 12210. Transfers and Sales**

12 ~~No individual who is an owner shall in any manner transfer any interest in the~~  
13 ~~proposition player services operation to any person, firm, or corporation not then~~  
14 ~~an owner of an interest therein, and such a transfer shall not become effective for~~  
15 ~~any purpose, until the proposed transferee or transferees have made application for~~  
16 ~~and obtained registration as an owner from the Commission. Applications for a~~  
17 ~~transfer of the interest shall be made by the transferee applying for registration~~  
18 ~~under this regulation. Evidence of the transferor's agreement to transfer the interest~~  
19 ~~shall accompany the application for registration.~~

20 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

21 **Reference:** Section 19984, Business and Professions Code

## **Section 12211. Inspections**

~~When requested by a representative of the Commission or Division, a registrant shall immediately permit the Commission or Division representative, in accordance with the request, to inspect, copy, or audit all requested documents, papers, books, and other records of the registrant related to the provision of proposition player services. If the records are maintained in electronic form and the registrant is requested to do so, the registrant shall provide a printed copy pursuant to this section.~~

**Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

**Reference:** Section 19984, Business and Professions Code

## **Section 12212. Compliance**

- ~~(a) Each primary owner shall remit such fees to defray the cost of compliance review and enforcement in the field as may be required by regulation of the Division.~~
- ~~(b) Registrants shall comply with game rules approved by the Division regarding player-dealer rotation and table wagering. No registrant shall be accorded any preference by the house over other players; provided, that a proposition player contract may, at any table assigned for play by the contracted registrant, preclude players of any other registrant under this chapter or chapter 2.2 of this title from playing at that table during the periods of play assigned by the proposition player contract for the contracted registrant. For purposes of this subsection, "preference" means and is~~

1       ~~limited to both of the following if sanctioned by house rule or otherwise~~  
2       ~~directed by the house or its employees:~~

3  
4       ~~(1) — Any priority in the continuous and systematic rotation of the deal,~~  
5       ~~as required by Penal Code section 330.11, such that a registrant~~  
6       ~~becomes entitled by reason of the priority to occupy the player-~~  
7       ~~dealer position more often than other players. Nothing in this~~  
8       ~~paragraph precludes the house from assigning a particular seat to a~~  
9       ~~registrant.~~

10       ~~(2) — Any advantage to the registrant over other players in the placement~~  
11       ~~of wagers.~~

12   **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

13   **Reference:** Section 19984, Business and Professions Code

## 14   **Section 12213. Revocation**

15   ~~The Commission may revoke a registration, upon any of the following grounds,~~  
16   ~~after a hearing conducted pursuant to the same procedures applicable to revocation~~  
17   ~~of gambling establishment licenses:~~

18   ~~(a) — The registrant committed, attempted to commit, or conspired to commit any~~  
19   ~~acts prohibited by the Gambling Control Act or this chapter.~~

20   ~~(b) — Any act or omission by the registrant that would disqualify the registrant~~  
21   ~~from obtaining registration under this chapter.~~

22   ~~(c) — The registrant engaged in any dishonest, fraudulent, or unfairly deceptive~~  
23   ~~activities in connection with controlled gambling, including any violation of~~  
24   ~~laws related to cheating.~~

1 ~~(d) — The registrant failed or refused to comply with the requirements of Section~~  
2 ~~12211.~~

3 ~~(e) — The registrant concealed or refused to disclose any material fact in any~~  
4 ~~inquiry by the Division or the Commission.~~

5 ~~(f) — The registrant committed, attempted, or conspired to commit any~~  
6 ~~embezzlement or larceny against a gambling licensee or proposition player~~  
7 ~~registrant or upon the premises of a gambling establishment.~~

8 ~~(g) — The registrant has been lawfully excluded from being present upon the~~  
9 ~~premises of any licensed gambling establishment for any reason relating to~~  
10 ~~cheating or any violation of the Gambling Control Act by the registrant.~~

11 ~~(h) — The primary owner or any other owner knowingly permitted one or more of~~  
12 ~~the owner's supervisors or players to commit any act described in~~  
13 ~~subsections (a) to (f), inclusive.~~

14 ~~(i) — The primary owner or any other owner knew, or failed to implement~~  
15 ~~reasonable oversight procedures that would have apprised the owner, that~~  
16 ~~one or more of the owner's supervisors or players was in violation of one or~~  
17 ~~more provisions of this chapter or of the Gambling Control Act and failed or~~  
18 ~~refused to take action to prevent the recurrence of the violation or violations.~~

19 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

20 **Reference:** Section 19984, Business and Professions Code

## 21 **Section 12214. Emergency Orders**

22 ~~Registrants under this chapter shall be subject to emergency orders under Business~~  
23 ~~and Professions Code section 19931.—~~

24 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

25 **Reference:** Sections 19984 and 19931, Business and Professions Code

## **Article 3. Licensing**

### **Section 12218. Request to Convert Registration to License**

(a) A request to convert a registration to a license shall be submitted only in response to a written summons from the Division to a primary owner pursuant to Section 12200.25. Each primary owner's request shall be accompanied by the requests of all affiliated owners, supervisors, players, and other employees.

(b) The request to convert a registration to a license shall designate whether the license is requested as a primary owner, other owner, supervisor, player, or other employee. The request shall be signed by the individual requester or, if the requester is a business entity, by the chief executive officer or other designated officer of the business entity.

(c) The request to convert a registration to a license shall include all of the following:

(1) A completed Request for Conversion of a Third Party Proposition Player Services Registration to a License (CGCC-437, New 6/04), which is hereby incorporated by reference.

(2) Two (2) two-by-two inch color passport-style photographs of a requester that is an individual taken no more than 30 days before submission of the request to the Commission.

(3) The supplemental information package.



(4) A sum of money that, in the judgment of the Director of the Division, will be adequate to pay the anticipated investigation and processing costs, in accordance with Business and Professions Code section 19867.

(d) Nothing in this chapter shall require the Commission or Division to divulge to the requester any confidential information received from any law enforcement agency or any information received from any person with assurances that the information would be maintained as confidential. Nothing in this chapter shall require the Commission or Division to divulge any information that might reveal the identity of any source of information or jeopardize the safety of any person.

**Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

**Reference:** Section 19984, Business and Professions Code

## **Section 12218.5      Withdrawal of Request to Convert Registration to License**

(a) A request for withdrawal of a request to convert a registration to a license may be made at any time prior to final action upon the request by the Director by the filing of a written request to withdraw with the Commission. For the purposes of this section, final action by the Division means a final determination by the Director regarding his or her recommendation on the request to the Commission.

- (b) The Commission shall not grant the request unless the requester has established that withdrawal of the request would be consistent with the public interest and the policies of the Gambling Control Act and this chapter. If a request for withdrawal is denied, the Division may go forward with its investigation and make a recommendation to the commission upon the request, and the Commission may act upon the request to convert as if no request for withdrawal had been made.
- (c) If a request for withdrawal is granted with prejudice, the requester thereafter shall be ineligible to renew its request until the expiration of one year from the date of the withdrawal. Unless the Commission otherwise directs, no payment relating to any request is refundable by reason of withdrawal of request.

**Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

**Reference:** Sections 19869 and 19984, Business and Professions Code

## **Section 12218.7 Processing Times--Request to Convert Registration to License**

- (a) Except as provided in subsection (b), a request to convert a registration to license submitted pursuant to this chapter shall be processed within the following timeframes:

- (1) The maximum time within which the Commission shall notify the applicant in writing that a request or a resubmitted request is complete and accepted for initial processing by the Commission, or that a

1 request or a resubmitted requested is deficient and identifying what  
2 specific additional information is required, is 20 days after receipt of  
3 the request. For the purposes of this section, “request” means the  
4 Request for Conversion of a Third Party Proposition Player Services  
5 Registration to a License (CGCC-437, New 6/04), which was  
6 incorporated by reference in Section 12218. A request is not complete  
7 unless accompanied by (1) a copy of the summons from the Division  
8 setting a deadline for filing the request with the Commission and (2)  
9 the supplemental information package required by section 12218(c)(3)  
10 for review by the Division pursuant to paragraph (3) of this subsection  
11 for persons affiliated with the primary owner to whom the summons  
12 was addressed. The supplemental information shall not be reviewed  
13 for completeness by the Commission.

14  
15 (2) A request and the supplemental information package shall be  
16 forwarded by the Commission to the Division for processing within  
17 10 days of the date that the Commission determines that the request is  
18 complete.

19  
20 (3) The Division shall review the supplemental information package  
21 submitted for completeness and notify the applicant of any  
22 deficiencies in the supplemental information package, or that the  
23 supplemental information package is complete, within 45 days of the  
24 date that the request and supplemental information package are  
25 received by the Division from the Commission. Notwithstanding this  
26 subsection, subsequent to acceptance of the supplemental information

1           package as complete, the Division may, pursuant to Business and  
2           Professions Code section 19866, require the requester to submit  
3           additional information.

4  
5       (4) Pursuant to Business and Professions Code section 19868, the  
6           Division shall, to the extent practicable, submit its recommendation to  
7           the Commission within 180 days after the date the Division is in  
8           receipt of both the completed request pursuant to paragraph (2) of this  
9           subsection and the completed supplemental information package  
10          pursuant to paragraph (3) of this subsection. If the Division has not  
11          concluded its investigation within 180 days, then it shall inform the  
12          applicant and the Commission in writing of the status of the  
13          investigation and shall also provide the applicant and the Commission  
14          with an estimated date on which the investigation may reasonably be  
15          expected to be concluded.

16  
17       (5) The Commission shall grant or deny the request within 120 days after  
18          receipt of the final written recommendation of the Division  
19          concerning the request, except that the Commission may notify the  
20          applicant in writing that additional time, not to exceed 30 days, is  
21          needed.

22  
23    **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

24    **Reference:** Section 19984, Business and Professions Code sections

1     **Section 12218.11**                     **Ineligibility for Licensing**

2     A requester shall be ineligible for licensing for any of the following causes:

3     (a) Except for an individual seeking licensing as “other employee,” an  
4         individual applicant is under the age of 21.

5     (b) The requester has been convicted of any felony, including a conviction in a  
6         court of the United States or any other state of an offense that is classified as  
7         a felony by the laws of this state.

8     (c) The requester has, within the ten year period immediately preceding the  
9         submission of the request to convert, been convicted of a misdemeanor  
10        involving a firearm or other deadly weapon, gaming or gaming-related  
11        activities prohibited by Chapter 9 (commencing with Section 319) or  
12        Chapter 10 (commencing with section 330) of Title 9 of Part 1 of the Penal  
13        Code, violations of the Gambling Control Act, or dishonesty or moral  
14        turpitude.

15    (d) If the request to convert is for licensing as an owner, supervisor, or player,  
16        the requester has been subject to a final administrative or judicial  
17        adjudication revoking a registration or license under this chapter or a state  
18        gambling license, key employee license, work permit or finding of  
19        suitability or has had an application denied under this chapter or the  
20        Gambling Control Act.

21    (e) The requester would be ineligible for a state gambling license under any of  
22        the criteria set forth in Business and Professions Code section 19859,  
23        subdivisions (b), (e), or (f), the terms of which are incorporated by reference

1 and hereby expressly made applicable to requests to convert under this  
2 chapter.

3 (f) The requester would be ineligible for a state gambling license under  
4 Business and Professions Code section 19858, the terms of which are  
5 incorporated by reference and hereby expressly made applicable to  
6 applications for registration under this chapter.

7 (g) The requester has violated one or more of the prohibitions set forth in  
8 Subsection 12200.7(b)(5), (11) and (20) or Subsection 12200.7(c)(1) and (3).

9 (h) The requester has failed to comply with one or more of the requirements set  
10 forth in Subsection 12200.7(b)(8), (9), (15), (16), (17), (18) or (21) or in  
11 Subsection 12200.7(c)(2) and (e).

12 (i) The applicant is ineligible based on any other provision of law.

13 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

14 **Reference:** Section 19984, Business and Professions Code

15  
16  
17 **Section 12218.13      Term of License**

18 All initial licenses shall be issued for a period of two years. Due to nonrecurring  
19 workload problems associated with the processing of the first round of requests to  
20 convert registrations to licenses, all other initial licenses that are granted within  
21 three years of the effective date of these regulations shall be issued for a period of  
22 two years. Beginning July 1, 2007, all licenses other than player licenses shall be

1 issued for a period of one year, except as otherwise provided by a subsequently  
2 adopted regulation of the Commission.

3 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

4 **Reference:** Section and 19984, Business and Professions Code

5  
6  
7  
8  
9 **Chapter 2.2 Gambling Businesses: Registration; Licensing**

10 **Article 1. Definitions and General Provisions**

11 **Article 2. Registration**

12 **Article 3. Licensing**

13 \*\*\*\*\*

14 **Chapter 2.2 Gambling Businesses: Registration; Licensing**

15 **Article 1. Definitions and General Provisions**

16 Section 12220. Definitions

- 1 Section 12220.1 Certificate
- 2 Section 12220.3 Badge
- 3 Section 12220.5 Replacement Badge
- 4 Section 12220.6 Transfer of Player Registration or License
- 5 Section 12220.13 Playing Book
- 6 Section 12220.14      Organization Chart and Employee Report
- 7 Section 12220.15      Transfer and Sales
- 8 Section 12220.16      Inspections and Investigations
- 9 Section 12220.17      Emergency Orders
- 10 Section 12220.18      Revocation
- 11 Section 12220.20      Annual Fee
- 12 Section 12220.21      Compliance
- 13 Section 12220.23      Exclusion
- 14 **Article 2.      Registration**
- 15 Section 12220.25      Transition to Licensing
- 16 Section 12221.   Registration



1 Section 12222. Application for Registration

2

3 Section 12223. Processing of Applications

4 Section 12224. Ineligibility for Registration

5

6 Section 12225. Cancellation of Registration

7

8 Section 12226. Badge [to be repealed]

9

10 Section 12227. Transfers and Sales [to be repealed]

11

12 Section 12228. Inspections [to be repealed]

13

14 Section 12229. Compliance [to be repealed]

15

16 Section 12230. Revocation [to be repealed]

17

18 Section 12231. Emergency Orders [to be repealed]

19

20 Section 12232. Exclusion [to be repealed]

21

22 **Article 3. Licensing**

1 Section 12233 Request to Convert Registration to License

2 Section 12234 Withdrawal of Request to Convert Registration to  
3 License

4 Section 12235 Processing Times--Request to Convert  
5 Registration to License

6 Section 12236 Ineligibility for Licensing

7 Section 12237 Term of License

8  
9 **Article 1. Definitions and General Provisions**

10  
11 **Section 12220. Definitions**

12 (a) Except as otherwise provided in subsection (b), the definitions in Business  
13 and Professions Code section 19805 shall govern the construction of this  
14 chapter.

15 (b) As used in this chapter:

16 (1) “Applicant” means the applicant for registration under this chapter,  
17 including in the case of an owner that is a corporation, partnership, or  
18 any other business entity, all persons whose registrations or licenses  
19 are required to be endorsed upon the primary owner’s registration or  
20 license certificate.

1       (2)   “Authorized player” means an individual associated with a particular  
2       primary owner whose badge authorizes play in a controlled game on  
3       behalf of the primary owner, including the primary owner, all other  
4       owners, all supervisors, and all players. “Authorized player” does not  
5       include funding sources. Only authorized players may perform the  
6       functions of a supervisor or player.

7       (3)   “Badge” means a form of identification issued by the Commission  
8       identifying a registrant or licensee. A badge authorizing play in a  
9       controlled game shall be of a distinctly different color than a badge  
10      that identifies a registrant or licensee, but does not authorize play.

11      ~~(3)~~(4) “Bureau” means the Bureau of Criminal Identification and  
12      Information of the California Department of Justice.

13      ~~(4)~~(5) “Commission” means the California Gambling Control Commission.

14      ~~(5)~~(6) “Deadly weapon” means any weapon, the possession or concealed  
15      carrying of which is prohibited by Penal Code section 12020.

16      ~~(6)~~(7) “Division” means the Division of Gambling Control in the California  
17      Department of Justice. Information that this chapter requires to be  
18      sent to the Division shall be submitted in writing to the Sacramento  
19      office of the Division.

20      ~~(7)~~(8) “Executive Director” means the Executive Director of the  
21      Commission or such other person as may be designated by the  
22      Commission.

1       ~~(8)~~(9) "Funding source" means any person that provides financing, including  
2           but not limited to loans, advances, any other form of credit, chips, or  
3           any other representation or thing of value, to an owner-registrant or  
4           owner-licensee, other than individual registrants under Subsection ~~(d)~~  
5           (c) of Section ~~12201~~ 12221 or licensees. "Funding source" does not  
6           include any federally or state chartered lending institution or any of  
7           the following entities that in the aggregate owns at least one hundred  
8           million dollars (\$100,000,000) of securities of issuers that are not  
9           affiliated with the entity:

10  
11       (A) Any federally-regulated or state-regulated bank or savings  
12           association or other federally- or state-regulated lending  
13           institution.

14  
15       (B) Any company that is organized as an insurance company, the  
16           primary and predominant business activity of which is the  
17           writing of insurance or the reinsuring of risks underwritten by  
18           insurance companies, and that is subject to supervision by the  
19           Insurance Commissioner of California, or a similar official or  
20           agency of another state.

21  
22       (C) Any investment company registered under the federal  
23           Investment Company Act of 1940 (15 U.S.C. sec. 80a-1 et  
24           seq.).  
25

1 (D) Any retirement plan established and maintained by the United  
2 States, an agency or instrumentality thereof, or by a state, its  
3 political subdivisions, or any agency or instrumentality of a  
4 state or its political subdivisions, for the benefit of its  
5 employees.

6  
7 (E) Any employee benefit plan within the meaning of Title I of the  
8 federal Employee Retirement Income Security Act of 1974 (29  
9 U.S.C. sec. 1001 et seq.).

10  
11 (F) Any securities dealer registered pursuant to the federal  
12 Securities Exchange Act of 1934 (15 U.S.C. sec. 78a et seq.).

13  
14 (G) Any entity, all of the equity owners of which individually meet  
15 the criteria of this paragraph ~~(8)~~(9).

16  
17 ~~(9)~~(10) “Gambling business,” except as otherwise provided in this  
18 paragraph, means a business enterprise that engages the  
19 services of employees, independent contractors, or both to  
20 participate in the play of any controlled game in a gambling  
21 establishment that has a rotating player-dealer position as  
22 permitted by Penal Code section 330.11. “Gambling business”  
23 also refers to the conduct of such a business enterprise in a  
24 gambling establishment. “Gambling business” does not,  
25 however, include the provision of proposition player services

1 subject to Chapter 2 (commencing with Section 12200) of this  
2 title.

3  
4 ~~(10)~~(11) “Gambling Control Act” or “Act” means Chapter 5  
5 (commencing with Section 19800) of Division 8 of the  
6 Business and Professions Code.

7 (12) “License” means a license issued by the Commission pursuant  
8 to article 3 of this chapter.

9 (A) There are four license categories entitling the holder to  
10 operate a gambling business:

11 1. primary owner,

12 2. owner, if issued a playing badge,

13 3. supervisor, and

14 4. player.

15 (B) All other employees of the primary owner who are  
16 present in the gambling establishment during the conduct  
17 of the gambling business shall be licensed as “other  
18 employee” and shall be required to submit an application  
19 and be approved or denied based upon the same criteria  
20 that apply to a player.

21  
22 (13) “Licensee” means a person having a valid license.

23  
24 (14) "Organization chart" means a chart that identifies the names and titles  
25 of all owners, as defined in section 12220, supervisors, and any  
26 persons having significant influence over the operation of gambling

1 business; the percentage of ownership, if any, held by each identified  
2 individual or entity; and the reporting relationship for each identified  
3 individual or entity.

4 ~~(14)~~(15) “Owner” includes all of the following:

5 (A) A sole proprietor, corporation, partnership, or other business entity  
6 that provides or proposes to conduct a gambling business.

7 (B) Any individual specified in subsection ~~(d)~~ (c) of Section 12221,  
8 and

9 (C) Any funding source.

10 (16) “Playing Book” means a record documenting each session of play by  
11 a third-party proposition player.

12  
13 (17) “Preference” means and is limited to both of the following if  
14 sanctioned by house rule or otherwise directed by the house or its  
15 employees:

16 (A) Any priority in the continuous and systematic rotation of the  
17 deal, as required by Penal Code section 330.11, such that a  
18 registrant becomes entitled by reason of the priority to  
19 occupy the player-dealer position more often than other  
20 players. Nothing in this paragraph precludes the house from  
21 assigning a particular seat to a registrant.

1           (B) Any advantage to the registrant over other players in the  
2           placement of wagers.

3           ~~(12)~~(18)       “Primary Owner” means the owner specified in subparagraph  
4                       (A) of paragraph ~~(14)~~ (15) of this subsection.

5           (19) “Rebate” means a partial return by an authorized proposition player of  
6           chips or money to a patron who has lost the chips or money to the  
7           authorized player through play in a controlled game at a gambling  
8           establishment.

9           ~~(13)~~(20)       “Registrant” means a person having a valid registration.

10          ~~(14)~~(21)       “Registration” means a registration issued by the Commission  
11                       pursuant to this chapter. There are four registration categories  
12                       entitling the holder to participate in the operation of a gambling  
13                       business: primary owner, owner, supervisor, and player. All other  
14                       employees of the primary owner who are present in the gambling  
15                       establishment during the operation of the gambling business shall be  
16                       registered as “other employee.” A primary owner issued a playing  
17                       badge and an owner issued a playing badge may also perform the  
18                       functions of a supervisor or player, and the holder of a supervisor’s  
19                       registration or license may also perform the functions of a player. No  
20                       registrant, other than an owner issued a playing badge, supervisor, or  
21                       player, may possess, direct, or otherwise control currency, chips, or  
22                       other wagering instruments used for play as part of the operation of a  
23                       gambling business. An individual registered or licensed as an “other



1 employee” may not function as a player unless and until that  
2 individual applies for and obtains a registration or a license as player.

3 (22) “Session of play” as used in Section 12220.13 (“Playing Book”)  
4 means a continuous work shift of third-party proposition player  
5 services provided by an individual proposition player.

6 (23) “Supervisor” means an individual who, in addition to any  
7 supervisory responsibilities, has authority, on behalf of the primary  
8 owner, to provide or direct the distribution of currency, chips, or other  
9 wagering instruments to affiliated registrants or licensees who are  
10 authorized to play.

11 (24) “Supplemental information package” means all of the documentation  
12 and deposits required by each of the following forms (which are  
13 hereby incorporated by reference) to be submitted to the Commission  
14 in response to a summons issued by the Division pursuant to Section  
15 12220.25:

16 (A) Primary owners as defined in Section 12220(b), shall complete  
17 the form Level IV Supplemental Information-Providers of  
18 Proposition Players and Funding Sources (DGC-APP. 035,  
19 New 06/04) for a level IV investigation.

20  
21 (B) Owners, as defined in Section 12220(b), that are a natural  
22 person shall complete the form Level III Supplemental  
23 Information-Individual (DGC-APP. 034A, New 06/04) for a  
24 level III investigation.

1  
2 (C) Owners, as defined in Section 12220(b), that are not a natural  
3 person shall complete the form Level III Supplemental  
4 Information-Business (DGC-APP. 034B, New 06/04) for a  
5 level III investigation.

6  
7 (D) Supervisors, as defined in Section 12220(b) shall compete the  
8 form Level II Supplemental Information (DGC-APP. 033, New  
9 06/04) for a level II investigation.

10  
11 (E) Other employees, independent contractors, and players shall  
12 complete the form Level I Supplemental Information (DGC-  
13 APP. 032, New 06/04) for a level I investigation.

14  
15 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions  
16 Code

17 **Reference:** Sections 19805 and 19853(a)(3), Business and Professions Code  
18

19 **Section 12220.1 Certificate**

20 (a) The Commission shall issue a registration or license certificate, as  
21 applicable, to each primary owner.

22 (b) The Commission shall endorse upon each certificate the names of all other  
23 owners affiliated with the primary owner.

1 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions  
2 Code

3 **Reference:** Sections 19805 and 19853(a)(3), Business and Professions Code

4 **Section 12220.3** **Badge**

5 (a) All individuals registered or licensed as primary owners, owners,  
6 supervisors, players, or other employees of the primary owner shall wear in  
7 a prominently visible location a numbered badge issued by the Commission  
8 when present in a gambling establishment during the operation of the  
9 gambling business. If an individual ceases to be employed by or affiliated  
10 with a particular primary owner, that individual shall surrender his or her  
11 badge to the primary owner. The primary owner shall notify the  
12 Commission and the Division in writing within 10 days of the change in  
13 status using Change in Status Form for a Gambling Business Registration  
14 (CGCC-541, New 06/04), which is hereby incorporated by reference. Any  
15 primary owner receiving a badge from an individual formerly employed by  
16 or affiliated with the primary owner shall return the badge to the  
17 Commission within 10 days of receiving the badge from the holder.

18 (b) The words “GAMBLING BUSINESS PLAYER REGISTRANT,” “NON-  
19 PLAYER GAMBLING BUSINESS REGISTRANT,” “GAMBLING  
20 BUSINESS PLAYER LICENSEE,” OR “NON-PLAYER GAMBLING  
21 BUSINESS LICENSEE” in capital letters shall be prominently displayed on  
22 the front of the badge. The first name of the registrant or licensee shall  
23 appear on the front of the badge. The full name of the registrant or licensee  
24 shall be printed on the reverse side of the badge, together with the

1 registrant's or licensee's category of registration or licensing as an owner,  
2 supervisor, player, or other employee.

3 (c) On the badge, there shall be displayed the picture of the registrant or  
4 licensee submitted with the application, the badge number, and expiration  
5 date. On the badge there shall be displayed the name of the primary owner  
6 employing the registrant or licensee, which shall be the fictitious business  
7 name, if any, established pursuant to Chapter 5 (commencing with Section  
8 17900) of Part 3 of Division 7 of the Business and Professions Code.

9 (d) Upon renewal of each registration and upon issuance of each registration or  
10 license, authorized players shall be issued a badge of one color; individuals  
11 not authorized to play shall be issued a badge of a distinctly different color.

12 (e) An individual registered as a player with a particular primary owner shall  
13 apply for and obtain a new badge before beginning to work for an additional  
14 primary owner.

15 (f) Registration, licenses, and badges are specific to the primary owner. A  
16 gambling business cannot be operated without first applying for and  
17 obtaining a registration, license, or badge.

18 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions  
19 Code

20 **Reference:** Sections 19805 and 19853(a)(3), Business and Professions Code

1 **Section 12220.5 Replacement of Badge**

2  
3 (a) Upon application, the Executive Director or other person designated by the  
4 Commission shall issue a replacement badge if all of the following  
5 conditions are met:

6 (1) The applicant has a current valid registration or license.

7 (2) The application is complete and has been submitted on the form  
8 Request for Replacement Gambling Business Badge (CGCC-538,  
9 New 06/04), which is hereby incorporated by reference.

10 (3) The applicant has supplied all of the following to the  
11 Commission:

12 (A) A two by two inch color passport-style photograph taken  
13 no more than 30 days before submission to the  
14 Commission of the badge replacement or transfer request.

15 (B) A nonrefundable \$25.00 fee payable to the Commission.

16 (C) The category of the position and information concerning the  
17 primary owner for which the replacement badge is requested:  
18 the name of the primary owner, mailing address, voice  
19 telephone number, facsimile number (if any), and email address  
20 (if any).

21 (D) A statement under penalty of perjury that a replacement badge  
22 is needed due to loss or destruction of the originally issued  
23 badge.

24 (b) A replacement badge issued pursuant to this section shall be valid during the  
25 unexpired term of the previously issued registration or license.

26 (c) Upon issuance of the replacement badge, the previously

1 issued badge for that gambling business shall become void and shall not be  
2 used.

3 (d) Replacement badges shall be issued by the Commission within seven days of  
4 receipt of a complete application.

5 **Authority:** Sections 19811, 19840, 19841, and 19853(a)(3), Business and  
6 Professions Code

7 **Reference:** Section and 19853(a)(3), Business and Professions Code

8  
9 **Section 12220.6 Transfer of Player Registration or License**

10  
11 (a) Upon application, the Executive Director or other person designated by the  
12 Commission shall issue a player transfer badge if all of the following  
13 conditions are met:

14 (1) The applicant has a currently valid registration or license.

15 (2) The application is complete and has been submitted on the form  
16 Request for Transfer of Gambling Business Registration/License  
17 (CGCC-539, New 06/04), which is hereby incorporated by reference.

18 (3) The applicant has supplied all of the following to the  
19 Commission:

20 (A) A two by two inch color passport-style photograph taken  
21 no more than 30 days before submission to the  
22 Commission of the badge transfer request.

23 (B) A nonrefundable \$250.00 fee payable to the Commission.

1           (C) The names of the current and future primary owner, mailing  
2           address, voice telephone number, facsimile number (if any),  
3           and email address (if any).

4  
5   (b) A transfer badge issued pursuant to this section shall be valid during the  
6   unexpired term of the previously issued registration or license.

7   (c) Upon issuance of the transfer badge, the previously issued badge shall  
8   become void and shall not be used.

9   (d) Transfer badges shall be issued by the Commission within seven days of  
10   receipt of a complete application.

11   **Authority:** Sections 19811, 19840, 19841, and 19853(a)(3), Business and  
12   Professions Code

13   **Reference:** Sections 19805 and 19853(a)(3), Business and Professions Code  
14

15   **Section 12220.13      Playing Book**

16   (a) The primary owner shall be responsible for assuring that its players maintain  
17   accurate, complete, and up-to-date playing books for all sessions of play  
18   worked in conformity with regulations of the Commission. The information  
19   in the playing-book record shall be transferred to the primary owner, or a  
20   supervisor designated by the primary owner at the end of each session of  
21   play. The primary owner shall maintain this information in English at a  
22   single location in the State of California, and shall maintain the original  
23   playing book records in the State of California, for at least five years. The  
24   location or locations where the records of this information and the original

1 playing book records are maintained, and any change therein, shall be  
2 disclosed to the Commission and Division by written notice mailed or  
3 delivered within five business days after establishing or changing such a  
4 location.

5 (b) Playing books shall be prepared and maintained as follows:

6 (1) Playing book forms shall be reviewed and approved or disapproved by  
7 the Division.

8 (2) Each form in the playing book shall be recorded in ink and include,  
9 but not be limited to, the following information:

10 (A) Sequential numbers. Any unused form shall be voided and  
11 maintained in the playing book.

12 (B) Specify the name of the gambling establishment where play  
13 occurred.

14 (C) The date when play occurred.

15 (D) Beginning and ending balances.

16 (E) All fills and credits affecting the balance shall be individually  
17 identified.

18 (F) The printed full name and badge number of the player, which  
19 includes owners, supervisors, and/or players.

20 (G) The table number.



1           (H) The specific name of the Division-approved gaming activity.

2           (I) The name of the primary owner.

3           (3) The form for each session of play shall be dated and signed under  
4           penalty of perjury by the person who prepared it and shall include a  
5           declaration in the following form: “I declare under penalty of perjury  
6           under the laws of the State of California that the foregoing is true and  
7           correct.”

8    **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions  
9           Code

10 **Reference:** Sections 19805 and 19853(a)(3), Business and Professions Code

11  
12 **Section 12220.14. Organization Chart and Employee Report**

13  
14 (a) No later than September 1, 2004, each registered primary owner shall submit  
15 a current organization chart and a listing of all employees and independent  
16 contractors to the Division and the Commission. The listing of employees  
17 shall be submitted on the form Gambling Business Employee and  
18 Independent Contractor Report (CGCC-540, New 06/04), which is hereby  
19 incorporated by reference.

20 (b) Upon renewal of the registration or license and six months thereafter, each  
21 registered or licensed primary owner shall submit an updated organization  
22 chart and a listing of all employees to the Division and the Commission.

1 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions  
2 Code

3 **Reference:** Section 19853(a)(3), Business and Professions Code

4 **Section 12220.15 Transfers and Sales**

5 (a) No individual who is an owner shall in any manner transfer any interest in  
6 the proposition player services operation to any person, firm, or corporation  
7 until the proposed transferee or transferees have made application for and  
8 obtained registration or licensing as an owner from the Commission.  
9 Applications for a transfer of the interest shall be made by the transferee  
10 applying for registration or licensing under this regulation. Evidence of the  
11 transferor's agreement to transfer the interest shall accompany the  
12 application for registration or licensing.

13 (b) The proposed articles of incorporation and sales and transfer agreement shall  
14 be submitted to the Commission for approval prior to submission of any  
15 application.

16 (c) The effective date of the sale shall be at least 90 days after receipt of the  
17 application, or such other shorter time period as shall be set by the Executive  
18 Director with the agreement of the applicant.

19 (d) The primary owner shall notify the Division and the Commission in writing  
20 within ten days of any change to the organization chart.

21 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions  
22 Code

1 **Reference:** Section 19853(a)(3), Business and Professions Code

2  
3 **Section 12220.16. Inspections and Investigations**

4 (a) When requested by a representative of the Division, a registrant or licensee  
5 shall immediately permit the Division representative, in accordance with the  
6 request, to inspect, copy, or audit all requested documents, papers, books,  
7 and other records of the registrant or licensee related to the gambling  
8 business. If the records are maintained in electronic form and the registrant  
9 or licensee is requested to do so, the registrant or licensee shall provide a  
10 printed copy in English pursuant to this section within 24 hours of the  
11 request.

12 (b) If requested in writing by the Executive Director, the Division shall conduct  
13 an inspection or investigation of a registrant or a licensee. Within 30 days  
14 of receipt of the request, the Division shall advise the Executive Director in  
15 writing of the status of the inspection or investigation and shall also provide  
16 an estimated date on which the inspection or investigation may reasonably  
17 be expected to be concluded. Upon completion of the inspection or  
18 investigation, the Division shall provide a final written report to the  
19 Executive Director.

20 (c) Nothing in this chapter precludes Commission staff from carrying out their  
21 duties under applicable statutes and regulations.

22 (d) All records required by this chapter shall be maintained in English, in  
23 California, for at least five years.

1 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions  
2 Code

3 **Reference:** Section 19853(a)(3), Business and Professions Code  
4  
5

6 **Section 12220.17      Emergency Orders**

7 Registrants and licensees under this chapter shall be subject to emergency orders  
8 under Business and Professions Code section 19931.

9 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions  
10 Code

11 **Reference:** Section 19853(a)(3), Business and Professions Code

12 **Section 12220.18      Revocation**

13 The Commission may revoke a registration or license, upon any of the following  
14 grounds, after a hearing conducted pursuant to the same procedures applicable to  
15 the revocation of a gambling establishment license:

16 (a) The registrant or licensee committed, attempted to commit, or conspired to  
17 commit any acts prohibited by the Gambling Control Act or this chapter.

18 (b) Any act or omission by the registrant that would disqualify the registrant  
19 from obtaining registration under this chapter. Any act or omission by the  
20 licensee that would disqualify the licensee from obtaining licensing under  
21 this chapter.

- 1 (c) The registrant or licensee engaged in any dishonest, fraudulent, or unfairly  
2 deceptive activities in connection with controlled gambling, including any  
3 violation of laws related to cheating.
- 4 (d) The registrant or licensee failed or refused to comply with the requirements  
5 of Section 12200.16 (Inspections and Investigations).
- 6 (e) The registrant or licensee failed or refused to comply with the requirements  
7 of Section 12200.14 (Organization Chart and Employee Report).
- 8 (f) The registrant or licensee concealed or refused to disclose any material fact  
9 in any inquiry by the Division or the Commission.
- 10 (g) The registrant or licensee committed, attempted, or conspired to commit any  
11 embezzlement or larceny against a gambling licensee or proposition player  
12 registrant or upon the premises of a gambling establishment.
- 13 (h) The registrant or licensee has been lawfully excluded from being present  
14 upon the premises of any licensed gambling establishment for any reason  
15 relating to cheating or any violation of the Gambling Control Act by the  
16 registrant.
- 17 (i) The registrant or licensee buys or sells chips outside the cage, except for  
18 exchanging with a patron chips of one denomination for chips of another  
19 denomination.
- 20 (j) The registrant or licensee lends money or chips to gambling establishment  
21 patrons or proposition players, except for exchanging with a patron chips of  
22 one denomination for chips of another denomination.

1 (k) The primary owner or any other owner knowingly permitted one or more of  
2 the owner's supervisors or players to commit any act described in  
3 subsections (a) to (j), inclusive.

4 (l) The primary owner or any other owner knew, or failed to implement  
5 reasonable oversight procedures that would have apprised the owner, that  
6 one or more of the registrants or licensees was in violation of one or more  
7 provisions of this chapter or of the Gambling Control Act and failed or  
8 refused to take action to prevent the recurrence of the violation or violations.

9 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions  
10 Code

11 **Reference:** Section 19853(a)(3), Business and Professions Code

12  
13 **Section 12220.20 Annual Fee**

14 (a) No later than September 1 of each year, beginning September 1, 2004, each  
15 registered or licensed primary owner shall submit to the Commission the  
16 annual fee set forth in subsection (c) of this section, based on the total  
17 number of registrations or licenses affiliated with that primary owner on the  
18 immediately preceding August 15. The payment due September 1, 2004  
19 shall be based on the total number of registrations affiliated with the primary  
20 owner on August 15, 2004.

21 (b) Within 30 days of approval of any request to convert a registration to a  
22 license, the Commission shall notify the licensee of any additional fees owed  
23 for the term of the license granted, allowing pro rata credit on a monthly

basis for any annual fee paid in connection with a registration that has not expired.

(c) The annual fee shall be computed based on the following schedule reflecting the total number of registrants or licensees affiliated with a particular primary owner on the date of assessment:

<u>Category</u>	<u>Number of Registrants</u>	<u>Fee Per Registrant</u>
	<u>or Licensees</u>	<u>or Licensee</u>
A	1—5	\$2800
B	6--35	\$3050
C	36--175	\$3300
D	176—400	\$3550
E	401--900	\$3800
F	901--1200	\$4050
G	1201 or more	\$4300

(d) (1) Upon advance written approval by the Executive Director, installment payments submitted prior to conversion to licensure shall be permitted as follows: one-third of the annual fee to be submitted no later than September

1 1, one-third no later than December 1, and the balance no later than  
2 March 1.

3 (2) Upon advance written approval by the Executive Director, installment  
4 payments submitted after conversion to licensure shall be permitted as  
5 follows: one-third of the annual fee to be submitted prior to issuance  
6 of the license, one-third to be submitted three months thereafter, and  
7 one-third to be submitted six months thereafter.

8 (e) Refunds shall not be available in the event of a subsequent decrease in the  
9 number of registrants or licensees upon which the annual fee payment was  
10 based.

11 (f) Following assessment of the annual fee, if the primary owner increases the  
12 number of its registrants or licensees above the number upon which the  
13 annual fee assessment was based, the primary owner shall submit to the  
14 Commission the additional per player fee set forth in subsection (c) of this  
15 section. No new badges will be issued until the additional per player fee has  
16 been received by the Commission.

17 (g) No renewal application shall be accepted by the Commission until any  
18 delinquent annual fees have been paid in full.

19 **Authority:** Sections 19801, 19811, 19823, 19824, 19840, 19841, and  
20 19853(a)(3), Business and Professions Code

21 **Reference:** Section 19853(a)(3), Business and Professions Code  
22

23 **Section 12220.21 Compliance**



1 (a) Registrants and licensees shall comply with game rules approved by the  
2 Division, including but not limited to, the rules regarding player-dealer  
3 rotation and table wagering. No registrant or licensee shall be accorded any  
4 preference by the house over other players.

5 (b) Only an authorized player may possess, direct, or otherwise control  
6 currency, chips, or other wagering instruments used for play in the operation  
7 of the gambling business.

8 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions  
9 Code

10 **Reference:** Section 19853(a)(3), Business and Professions Code  
11

## 12 **Section 12220.23 Exclusion**

13 (a) In order to promote the purposes of the Gambling Control Act to provide for  
14 effective regulation of gambling enterprises, owner-licensees of gambling  
15 establishments shall notify the Commission and Division of, and may  
16 exclude from the gambling establishment, any person that the owner-  
17 licensee reasonably believes is conducting a gambling business within the  
18 gambling establishment without having been registered under this chapter.  
19 An owner-licensee acting under this section shall notify the Commission and  
20 Division in writing of any such unregistered person and any such exclusion,  
21 including the identity of the excluded individuals and entity if known, within  
22 10 business days following the exclusion. Upon receiving such notice of an  
23 unregistered person, the Commission shall notify the person in writing of the  
24 registration requirement of this chapter and shall notify all owner-licensees

1 of the name of the unregistered person, if known and may condition any  
2 subsequent registration of the person under this chapter or Chapter 2.1 of  
3 this title upon a 60 to 90 day suspension of registration or payment of a civil  
4 penalty under Business and Professions Code section 19930(c), or both.

5 (b) An owner-licensee of a gambling establishment may exclude any registered  
6 gambling business upon providing notification to the Commission and  
7 Division in writing within five days following the exclusion.

8 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions  
9 Code

10 **Reference:** Sections 19853(a)(3) and 19931, Business and Professions Code  
11

## 13 **Article 2. Registration**

14

### 15 **Section 12220.25 Transition to Licensing**

16 (a) The Division shall summon persons registered as primary owners, owners,  
17 supervisors, players, and other employees for the purpose of applying for  
18 licenses under this chapter. The Division shall summon primary owners,  
19 owners, supervisors, players, and other employees as expeditiously as  
20 possible in light of available program resources. The registration of any  
21 registrant that fails or refuses to submit a Request for Conversion of a  
22 Gambling Business Registration to a License (CGCC-537, New 06/04))(see  
23 section 12233(c)) including any fees to the Commission within 30 days of  
24 receiving a summons from the Division shall expire by operation of law on  
25 the following day. Prior to and during review of a request to convert a

1 registration to a license, a registration shall remain valid and may be  
2 renewed by the registrant as necessary, upon application and approval of  
3 renewal of registration.

4 (b) If the registration expires by operation of law, the former registrant shall  
5 submit a new request to convert a registration to a license and a new  
6 nonrefundable application fee.

7 (c) The transition from registration to licensing for applications approved prior  
8 to April 30, 2004, shall be completed no later than July 1, 2007.

9 (d) A request to convert a registration to a license shall require only payment of  
10 a sum of money that, in the judgment of the Director of the Division, will be  
11 adequate to pay the anticipated investigation and processing costs, in  
12 accordance with Business and Professions Code section 19867.

13 (e) If a license is issued, it will expire as provided in Section 12237 (Term of  
14 License).

15 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions  
16 Code

17 **Reference:** Section 19853(a)(3), Business and Professions Code  
18  
19

## 20 **Section 12221. Registration**

21 (a) On and after March 5, 2004, no person may engage in a gambling business  
22 as an owner or as an employee or independent contractor of an owner, nor  
23 may any person obtain a badge as required by Section ~~12226~~ 12220.3  
24 without a current valid registration issued by the Commission. Persons

1 registered to provide proposition player services under Chapter 2  
2 (commencing with Section 12200) of this title are not required to register  
3 under this chapter to provide proposition player services pursuant to one or  
4 more proposition player contracts approved by the Division pursuant to  
5 Section ~~12208~~ 12200.9 of this title.

6 (b) Registration shall be issued for a period of one year.

7 (c) If a primary owner is a corporation, partnership, or other business entity,  
8 each owner and individual having a relationship to that entity specified in  
9 Business and Professions Code section 19852, subdivisions (a) to (h),  
10 inclusive, shall individually apply for and obtain registration as an owner  
11 listed on the business entity's registration certificate.

12 (d) Any application for registration of any person, other than as the primary  
13 owner, shall designate the primary owner or owners that will employ the  
14 applicant or with whom the applicant otherwise will be affiliated. The  
15 registration certificate issued to any person, other than the primary owner,  
16 shall specify the name of the registered primary owner that employs the  
17 applicant or with whom the applicant is otherwise affiliated.

18  
19 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions  
20 Code

21  
22 **Reference:** Section 19853(a)(3), Business and Professions Code

## Section 12222. Application for Registration

- (a) The application for registration shall designate whether registration is requested as a primary owner, other owner, or employee or independent contractor of the primary owner. The application shall be signed by both the individual applicant and the designated agent, or, if the applicant is a business entity, by the chief executive officer or other designated officer of the business entity.
- (b) An application for registration shall include all of the following:
- (1) Payment of a nonrefundable application fee in the amount of five hundred dollars (\$500).
  - (2) A completed Application for Gambling Business Registration (~~CGCC-037, rev. 02/04~~) (CGCC-535, Rev. 06/04), which is hereby incorporated by reference.
  - (3) A properly completed Request for Live Scan Service (California Department of Justice Form BCII 8016, rev. 4/01) of an applicant that is an individual, confirming that the applicant's fingerprints have been submitted to the Bureau for an automated background check and response.
  - (4) Two two-by-two inch color passport-style photographs of an applicant that is an individual taken no more than one year before submission of the application to the Commission.

(c) An applicant shall submit such supplemental information as may be required by the ~~Commission~~ form Gambling Business Registration Supplemental Information (~~CGCC-038, rev. 02/04~~) (CGCC-536, Rev. 06/04), which is hereby incorporated by reference, or by the Division as necessary for completion of its review as provided in this chapter.

(d) An applicant for registration shall make full and true disclosure of all information to the Commission and Division as required for the application and as requested by the Commission or Division to carry out the policies of this state relating to controlled gambling.

**Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions Code

**Reference:** Sections 19853(a)(3) and 19951(a), Business and Professions Code

### **Section 12223. Processing of Applications**

(a) The Executive Director shall notify the applicant in writing within fifteen business days of receiving the application, that the application or resubmitted application is complete and accepted for filing, or that the application or resubmitted application is deficient. If an application for registration is incomplete, the Executive Director shall request in writing any information needed in order to complete the application. The applicant shall be permitted at least 60 but no more than 90 days in which to furnish the information. If the applicant fails to respond to the request, the application shall be deemed abandoned and no further action will be taken on it.

1 (b) Upon determination that an application for registration is complete, the  
2 application shall be processed within 60 days and the Executive Director  
3 shall either issue the registration and, if applicable, the badge applied for or  
4 shall notify the applicant of denial and the grounds therefor under Section  
5 12224. However, this time may be extended by the Executive Director for  
6 no more than 30 additional days if necessary to obtain information required  
7 to determine eligibility. The Executive Director shall promptly notify the  
8 applicant in writing of any such delay, including the length of the extension.

9 (c) If the applicant submits a request for withdrawal of his or her application to  
10 the Commission, the application shall be deemed abandoned and no further  
11 action will be taken on it.

12 (d) The Commission shall provide written notice of abandonment of an  
13 application to the applicant and the Division. If the application is for  
14 registration as other than the primary owner, the Commission shall also  
15 provide written notice of abandonment of the application to the primary  
16 owner.

17 (e) Nothing in this chapter shall require the Commission or Division to divulge  
18 to the applicant any confidential information received from any law  
19 enforcement agency or any information received from any person with  
20 assurances that the information would be maintained as confidential, and  
21 nothing in this chapter shall require the Commission or Division to divulge  
22 any information that might reveal the identity of any source of information  
23 or jeopardize the safety of any person.

**Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions Code

**Reference:** Section 19853(a)(3), Business and Professions Code

## **Section 12224. Ineligibility for Registration**

An applicant shall be ineligible for registration for any of the following causes:

- (a) The applicant has been convicted of any felony, including a conviction in a court of the United States or any other state of an offense that is classified as a felony by the laws of this state.
- (b) The applicant has, within the ten year period immediately preceding the submission of the application, been convicted of a misdemeanor involving a firearm or other deadly weapon, gaming or gaming-related activities prohibited by Chapter 9 (commencing with Section 319) or Chapter 10 (commencing with section 330) of Title 9 of Part 1 of the Penal Code, violations of the Gambling Control Act, or dishonesty or moral turpitude, not including convictions which have been expunged or dismissed as provided by law.
- (c) The applicant has been subject to a final administrative or judicial adjudication revoking a registration under this chapter or a state gambling license, key employee license, work permit or finding of suitability or has had an application denied under this chapter or the Gambling Control Act.



(d) The applicant would be ineligible for a state gambling license under any of the criteria set forth in Business and Professions Code section 19859, subdivisions (b), (e), (f), or (g), the terms of which are incorporated by reference and hereby expressly made applicable to applications for registration under this chapter.

(e) The applicant would be ineligible for a state gambling license under Business and Professions Code section 19858, the terms of which are incorporated by reference and hereby expressly made applicable to applications for registration under this chapter.

**Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions Code

**Reference:** Section 19853(a)(3), Business and Professions Code

## **Section 12225. Cancellation of Registration**

(a) Any registration issued in accordance with this chapter shall be subject to cancellation pursuant to this section. A registration shall be cancelled if the Commission determines upon a noticed hearing that the registrant is ineligible for registration, has failed in the application for registration to reveal any fact material to the holder's qualification for registration, or has supplied information in the registration application that is untrue or misleading as to a material fact pertaining to the criteria for issuance of registration.

(b) If the Commission finds that any of the circumstances set forth in subsection (a) apply, then the Executive Director shall immediately do all of the following:

(1) Provide written notice to the registrant and the Division of the cancellation of the registration and the grounds thereof, and provide written notice of the cancellation to the primary owner, if the registrant is not the primary owner and to all gambling establishments.

(2) Notify the registrant, if an individual, that he or she is required to surrender the registrant's badge to the Commission not more than ten days following the date that the notice of the cancellation was mailed or such greater time as is authorized by the Executive Director.

**Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions Code.

**Reference:** Section 19853(a)(3), Business and Professions Code

## **Section 12226. Badge**

~~All individuals registered under this chapter shall wear in a prominently visible location a numbered badge issued by the Commission when present in a gambling establishment during the conduct of the registrant's gambling business. The words "GAMBLING BUSINESS REGISTRANT" in capital letters shall be prominently displayed on the badge above the picture of the registrant submitted with the application and the badge number, registrant's first name, and expiration date. The registrant's full name shall be printed on the reverse side of the badge.~~

1 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions  
2 Code

3 **Reference:** Section 19853(a)(3), Business and Professions Code

#### 4 **Section 12227. Transfers and Sales**

5 ~~No individual who is an owner shall in any manner transfer any interest in the~~  
6 ~~gambling business to any person, firm, or corporation not then an owner of an~~  
7 ~~interest therein, and such a transfer shall not become effective for any purpose,~~  
8 ~~until the proposed transferee or transferees have made application for and obtained~~  
9 ~~registration as an owner from the Commission.—Applications for a transfer of the~~  
10 ~~interest shall be made by the transferee applying for registration under this~~  
11 ~~regulation. Evidence of the transferor's agreement to transfer the interest shall~~  
12 ~~accompany the application for registration.~~

13 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions  
14 Code

15 **Reference:** Section 19853(a)(3), Business and Professions Code

#### 17 **Section 12228. Inspections**

18 ~~When requested by a representative of the Commission or Division, a registrant~~  
19 ~~shall immediately permit the Commission or Division representative, in~~  
20 ~~accordance with the request, to inspect, copy, or audit all requested documents,~~  
21 ~~papers, books, and other records of the registrant related to the gambling business.~~

~~If the records are maintained in electronic form and the registrant is requested to do so, the registrant shall provide a printed copy pursuant to this section.~~

**Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions Code

**Reference:** Section 19853(a)(3), Business and Professions Code

## **Section 12229. Compliance**

~~(a) Each primary owner shall remit such fees to defray the costs of compliance review and enforcement in the field as may be required by regulation of the Division.~~

~~(b) No more than one registrant of a single gambling business shall simultaneously play at a table.~~

~~(c) Registrants shall comply with game rules approved by the Division regarding player dealer rotation and table wagering. No registrant shall be accorded any preference by the house over any other player. For purposes of this subsection, "preference" means and is limited to both of the following if sanctioned by house rule or otherwise directed by the house or its employees:~~

~~(1) Any priority in the continuous and systematic rotation of the deal, as required by Penal Code section 330.11, such that a registrant becomes entitled by reason of the priority to occupy the player-dealer position more often than other players.~~

~~(2) Any advantage to the registrant over other players in the placement of wagers.~~

1 ~~(d) — No gambling business in which the house has any financial interest may play~~  
2 ~~in the house.~~

3 ~~(e) — No registrant may play in any a gambling establishment for which the~~  
4 ~~registrant holds a state gambling license, key employee license, or work~~  
5 ~~permit.~~

6 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions  
7 Code

8 **Reference:** Section 19853(a)(3), Business and Professions Code

## 9 **Section 12230. Revocation**

10 ~~The Commission may revoke a registration upon any of the following grounds,~~  
11 ~~after a hearing conducted pursuant to the same procedures applicable to revocation~~  
12 ~~of gambling establishment licenses:~~

13 ~~(a) — The registrant committed, attempted to commit, or conspired to commit any~~  
14 ~~acts prohibited by the Gambling Control Act or this chapter.~~

15 ~~(b) — Any act or omission by the registrant that would disqualify the registrant~~  
16 ~~from obtaining registration under this chapter.~~

17 ~~(c) — The registrant engaged in any dishonest, fraudulent, or unfairly deceptive~~  
18 ~~activities in connection with controlled gambling, including any violation of~~  
19 ~~laws related to cheating.~~

20 ~~(d) — The registrant failed or refused to comply with the requirements of Section~~  
21 ~~12228.~~

1 ~~(e) The registrant concealed or refused to disclose any material fact in any~~  
2 ~~inquiry by the Division or the Commission.~~

3 ~~(f) The registrant committed, attempted, or conspired to commit any~~  
4 ~~embezzlement or larceny against a gambling licensee or upon the premises~~  
5 ~~of a gambling establishment.~~

6 ~~(g) The registrant has been lawfully excluded from being present upon the~~  
7 ~~premises of any licensed gambling establishment for any reason relating to~~  
8 ~~cheating or any violation of the Gambling Control Act by the registrant.~~

9 ~~(h) The primary owner or any other owner knowingly permitted one or more of~~  
10 ~~the employees or independent contractors of the gambling business to~~  
11 ~~commit any act described in subsections (a) to (f), inclusive.~~

12 ~~(i) The primary owner or any other owner knew, or failed to implement~~  
13 ~~reasonable oversight procedures that would have apprised the owner, that~~  
14 ~~one or more of the employees or independent contractors of the gambling~~  
15 ~~business was in violation of one or more provisions of this chapter or of the~~  
16 ~~Gambling Control Act and failed or refused to take action to prevent the~~  
17 ~~recurrence of the violation or violations.~~

18 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions  
19 Code

20 **Reference:** Section 19853(a)(3), Business and Professions Code

## 21 **Section 12231. Emergency Orders**

~~Registrants under this chapter shall be subject to emergency orders under Business and Professions Code section 19931.—~~

**Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions Code

**Reference:** Sections 19853(a)(3) and 19931, Business and Professions Code

## **Section 12232. Exclusion**

~~(a) — In order to promote the purposes of the Gambling Control Act to provide for effective regulation of gambling enterprises, owner licensees of gambling establishments shall notify the Commission and Division of, and may exclude from the gambling establishment, any person that the owner licensee reasonably believes is conducting a gambling business within the gambling establishment without having been registered under this chapter. An owner licensee acting under this section shall notify the Commission and Division in writing of any such unregistered person and any such exclusion, including the identity of the excluded individuals and entity if known, within 10 business days following the exclusion. Upon receiving such notice of an unregistered person, the Commission shall notify the person in writing of the registration requirement of this chapter and shall notify all owner licensees of the name of the unregistered person, if known and may condition any subsequent registration of the person under this chapter or Chapter 2.1 of this title upon a 60 to 90 day suspension of registration or payment of a civil fine under Business and Professions Code section 19930(c), or both.~~

~~(b) An owner licensee of a gambling establishment may exclude any registered gambling business upon providing notification to the Commission and Division in writing within five days following the exclusion.~~

**Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions Code

**Reference:** Sections 19853(a)(3) and 19931, Business and Professions Code

### ARTICLE 3. LICENSING

#### **Section 12233. Request to Convert Registration to License**

(a) A request to convert a registration to a license shall be submitted only in response to a written summons from the Division to a primary owner pursuant to Section 12220.25. Each primary owner's request shall be accompanied by the requests of all affiliated owners, supervisors, players, and other employees.

(b) The request to convert a registration to a license shall designate whether the license is requested as a primary owner, other owner, supervisor, player, or other employee. The request shall be signed by the individual requester or, if the requester is a business entity, by the chief executive officer or other designated officer of the business entity.

(c) The request to convert a registration to a license shall include all of the following:



1       (1) A completed Request for Conversion of a Gambling Business  
2               Registration to a License (CGCC-537, New 06/04), which is hereby  
3               incorporated by reference.

4       (2) Two (2) two-by-two inch color passport-style photographs of a  
5               requester that is an individual taken no more than 30 days before  
6               submission of the request to the Commission.

7       (3) The supplemental information package.

8       (4) A sum of money that, in the judgment of the Director of the Division,  
9               will be adequate to pay the anticipated investigation and processing  
10              costs, in accordance with Business and Professions Code section  
11              19867.

12   (d) Nothing in this chapter shall require the Commission or Division to divulge  
13       to the requester any confidential information received from any law  
14       enforcement agency or any information received from any person with  
15       assurances that the information would be maintained as confidential.  
16       Nothing in this chapter shall require the Commission or Division to divulge  
17       any information that might reveal the identity of any source of information  
18       or jeopardize the safety of any person.

19   **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions  
20       Code

21   **Reference:** Section 19853(a)(3), Business and Professions Code

22  
23   **Section 12234                      Withdrawal of Request to Convert**

## Registration to License

- (a) A request for withdrawal of a request to convert a registration to a license may be made at any time prior to final action upon the request by the Director by the filing of a written request to withdraw with the Commission. For the purposes of this section, final action by the Division means a final determination by the Director regarding his or her recommendation on the request to the Commission.
- (b) The Commission shall not grant the request unless the requester has established that withdrawal of the request would be consistent with the public interest and the policies of the Gambling Control Act and this chapter. If a request for withdrawal is denied, the Division may go forward with its investigation and make a recommendation to the commission upon the request, and the Commission may act upon the request to convert as if no request for withdrawal had been made.
- (c) If a request for withdrawal is granted with prejudice, the requester thereafter shall be ineligible to renew its request until the expiration of one year from the date of the withdrawal. Unless the Commission otherwise directs, no payment relating to any request is refundable by reason of withdrawal of request.

**Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions Code

**Reference:** Sections 19853(a)(3) and 19869, Business and Professions Code

1 **Section 12235** **Processing Times--Request to Convert**  
2 **Registration to License**

3  
4 (a) Except as provided in subsection (b), a request to convert a registration to  
5 license submitted pursuant to this chapter shall be processed within the  
6 following timeframes:

7  
8 (1) The maximum time within which the Commission shall notify the  
9 applicant in writing that a request or a resubmitted request is complete  
10 and accepted for initial processing by the Commission, or that a  
11 request or a resubmitted request is deficient and identifying what  
12 specific additional information is required, is 20 days after receipt of  
13 the request. For the purposes of this section, “request” means the  
14 form Request for Conversion of a Gambling Business Registration to  
15 a License (CGCC-537, New 06/04) which was incorporated by  
16 reference in Section 12233. A request is not complete unless  
17 accompanied by (1) a copy of the summons from the Division setting  
18 a deadline for filing the request with the Commission and (2) the  
19 supplemental information package required by section 12233(c)(3) for  
20 review by the Division pursuant to paragraph (3) of this subsection for  
21 persons affiliated with the primary owner to whom the summons was  
22 addressed. The supplemental information shall not be reviewed for  
23 completeness by the Commission.

24  
25 (2) A request and the supplemental information package shall be  
26 forwarded by the Commission to the Division for processing within

1           10 days of the date that the Commission determines that the request is  
2           complete.

3  
4           (3) The Division shall review the supplemental information package  
5           submitted for completeness and notify the applicant of any deficiencies in  
6           the supplemental information package, or that the supplemental  
7           information package is complete, within 45 days of the date that the  
8           request and supplemental information package are received by the  
9           Division from the Commission. Notwithstanding this subsection,  
10          subsequent to acceptance of the supplemental information package as  
11          complete, the Division may, pursuant to Business and Professions Code  
12          section 19866, require the requester to submit additional information.

13          (4) Pursuant to Business and Professions Code section 19868, the  
14          Division shall, to the extent practicable, submit its recommendation to  
15          the Commission within 180 days after the date the Division is in  
16          receipt of both the completed request pursuant to paragraph (2) of this  
17          subsection and the completed supplemental information package  
18          pursuant to paragraph (3) of this subsection. If the Division has not  
19          concluded its investigation within 180 days, then it shall inform the  
20          applicant and the Commission in writing of the status of the  
21          investigation and shall also provide the applicant and the Commission  
22          with an estimated date on which the investigation may reasonably be  
23          expected to be concluded.

24  
25          (5) The Commission shall grant or deny the request within 120 days after  
26          receipt of the final written recommendation of the Division

concerning the request, except that the Commission may notify the applicant in writing that additional time, not to exceed 30 days, is needed.

**Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions Code

**Reference:** Sections 19853(a)(3), Business and Professions Code

### **Section 12236 Ineligibility for Licensing**

A requester shall be ineligible for licensing for any of the following causes:

(a) Except for an individual seeking licensing as “other employee,” an individual applicant is under the age of 21.

(b) The requester has been convicted of any felony, including a conviction in a court of the United States or any other state of an offense that is classified as a felony by the laws of this state.

(c) The requester has, within the ten year period immediately preceding the submission of the request to convert, been convicted of a misdemeanor involving a firearm or other deadly weapon, gaming or gaming-related activities prohibited by Chapter 9 (commencing with Section 319) or Chapter 10 (commencing with section 330) of Title 9 of Part 1 of the Penal Code, violations of the Gambling Control Act, or dishonesty or moral turpitude.

1 (d) If the request to convert is for licensing as an owner, supervisor, or player,  
2 the requester has been subject to a final administrative or judicial  
3 adjudication revoking a registration or license under this chapter or a state  
4 gambling license, key employee license, work permit or finding of  
5 suitability or has had an application denied under this chapter or the  
6 Gambling Control Act.

7 (e) The requester would be ineligible for a state gambling license under any of  
8 the criteria set forth in Business and Professions Code section 19859,  
9 subdivisions (b), (e), or (f), the terms of which are incorporated by reference  
10 and hereby expressly made applicable to requests to convert under this  
11 chapter.

12 (f) The requester would be ineligible for a state gambling license under  
13 Business and Professions Code section 19858, the terms of which are  
14 incorporated by reference and hereby expressly made applicable to  
15 applications for registration under this chapter.

16 (g) The applicant is ineligible based on any other provision of law.

17 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions  
18 Code

19 **Reference:** Sections 19853(a)(3), Business and Professions Code

## 20 **Section 12237 Term of License**

21 All initial licenses shall be issued for a period of two years. Due to nonrecurring  
22 workload problems associated with the processing of the first round of requests to  
23 convert registrations to licenses, all other initial licenses that are granted within

1 three years of the effective date of these regulations shall be issued for a period of  
2 two years. Beginning July 1, 2007, all licenses other than player licenses shall be  
3 issued for a period of one year, except as otherwise provided by a subsequently  
4 adopted regulation of the Commission.

5  
6 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions  
7 Code

8 **Reference:** Section 19853(a)(3), Business and Professions Code  
9  
10  
11